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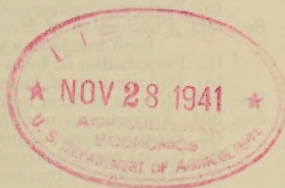
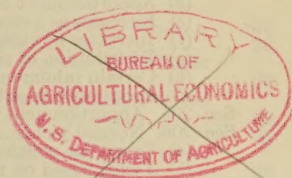
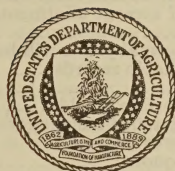
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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

Regulations Pertaining to
Cotton Marketing Quotas for the
1940-1941 Marketing Year

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REGULATIONS PERTAINING TO COTTON MARKETING QUOTAS FOR THE 1940-41 MARKETING YEAR ¹

UNITED STATES DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by Title III of the Agricultural Adjustment Act of 1938 (Public Law No. 430, 75th Cong., approved February 16, 1938; 52 Stat. 31; 7 U. S. C. 1301 *et seq.*), as amended, I do make, prescribe, publish, and give public notice of the following regulations governing cotton marketing quotas for the 1940-41 marketing year, to be in force and effect until amended or superseded by regulations hereafter made by the Secretary of Agriculture under said act.²

PART I. MISCELLANEOUS PROVISIONS AND DEFINITIONS

SECTION 101. ISSUANCE OF FORMS AND INSTRUCTIONS AND DEFINITIONS

(a) **Issuance of forms and instructions.**—The Administrator of the Agricultural Adjustment Administration shall cause to be prepared and issued with his approval such instructions (as parts of the general series referred to in sec. 207) and such forms as may be required to carry out these regulations. Copies of such forms and necessary instructions shall be furnished free to persons needing them upon request made to the office of the appropriate county committee.

(b) **Definitions.**—As used in these regulations and in all forms and documents in connection therewith, unless the context or subject matter otherwise requires, the following terms shall have the following meanings and the masculine shall include the feminine and neuter genders and the singular shall include the plural numbers:

(1) **Act.**—The Agricultural Adjustment Act of 1938 and any amendments thereto.

(2) **SECRETARY OF AGRICULTURE.**—The Secretary of Agriculture of the United States.

(3) **ADMINISTRATOR.**—The Administrator of the Agricultural Adjustment Administration of the United States Department of Agriculture.

(4) **REGIONAL DIRECTOR.**—The director of the division of the Agricultural Adjustment Administration in charge of the administration of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act (49 Stat. 1148), as amended (hereinafter referred to as the Soil Conservation and Domestic Allotment Act), in the region.

¹ Parts I and II were issued by the Secretary on December 9, 1939. Section 205 was amended by the Secretary on May 23, 1940, and Parts III through IX were issued by the Secretary on May 23, 1940. Section 805 (d) was amended on June 4, 1940.

² Unless otherwise indicated, all references in the text to sections relate to these regulations. All section references at the end of paragraphs are to sections of the Agricultural Adjustment Act of 1938, as amended (Public Law No. 430, 75th Cong., approved February 16, 1938, 52 Stat. 31; 7 U. S. C. 1301 *et seq.*).

(5) **SOUTHERN REGION.**—The area included in the States of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, South Carolina, and Texas.

(6) **EAST CENTRAL REGION.**—The area included in the States of Delaware, Kentucky, Maryland, North Carolina, Tennessee, Virginia, and West Virginia.

(7) **WESTERN REGION.**—The area included in the States of Arizona, California, Colorado, Idaho, Kansas, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming.

(8) **NORTH CENTRAL REGION.**—The area included in the States of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.

(9) **STATE COMMITTEE.**—The group of persons designated within any State to assist in the administration of the Soil Conservation and Domestic Allotment Act.

(10) **COMMITTEE.**—A committee within a county or community utilized under the Soil Conservation and Domestic Allotment Act. "County committee," "community committee," or "local committee" shall have corresponding meanings in the connection in which they are used.

(11) **REVIEW COMMITTEE.**—The review committee appointed by the Secretary of Agriculture as provided in section 363 of the act.

(12) **PERSON.**—An individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of a State. The term "person" shall include two or more persons having a joint or common interest.

(13) **OWNER OR LANDLORD.**—A person who owns farm land and rents such land to another person or who operates such land.

(14) **CASH TENANT OR STANDING-RENT TENANT OR FIXED-RENT TENANT.**—A person who rents land from another for a fixed amount of cash or a commodity to be paid as rent.

(15) **SHARE TENANT.**—A person other than a sharecropper who rents land from another person and pays as rent a share of the crops or the proceeds thereof.

(16) **SHARECROPPER.**—A person who works a farm in whole or in part under the general supervision of the operator and is entitled to receive for his labor a share of a crop produced thereon or the proceeds thereof.

(17) **OPERATOR.**—A person who as a landlord or cash tenant or standing or fixed-rent tenant is operating a farm or who as a share tenant is operating a whole farm.

(18) **PRODUCER OR FARMER.**—A person who is entitled to a proportionate share of the cotton crop, or the proceeds thereof, produced on the farm in 1940, as owner, landlord, cash tenant, standing-rent tenant, fixed-rent tenant, share tenant, or sharecropper. The term "producer" or "farmer" also includes a wage hand (or cropper) who as a laborer on a farm instead of receiving daily or other cash wages for his labor receives either all the cotton produced by him or another on an agreed or specified acreage or all the cotton produced on an agreed or specified portion of the acreage cultivated by him or another.

(19) **BUYER.**—A person who buys cotton from a producer.

(20) **TRANSFEE.**—A person who receives cotton from a producer by barter or exchange.

(21) **GINNER.**—A person who gins cotton.

(22) **TREASURER OF THE COUNTY COMMITTEE.** The treasurer of the county agricultural conservation association or the treasurer of the county committee, as the case may be.

(23) **FARM.**—All adjacent or nearby farm land under the same ownership which is operated by one person, including also:

(i) Any other adjacent or nearby farm land which the county committee, in accordance with instructions issued by the Agricultural Adjustment Administration, determines is operated by the same person as part of the same unit with respect to the rotation of crops and with workstock, farm machinery, and labor substantially separate from that for any other land; and

(ii) Any field-rented tract (whether operated by the same or another person) which, together with any other land included in the farm, constitutes a unit with respect to the rotation of crops.

A farm shall be regarded as located in the county or administrative area, as the case may be, in which the principal dwelling is situated, or if there is no dwelling thereon it shall be regarded as located in the county or administrative area, as the case may be, in which the major portion of the farm is located.

(24) **FARM MARKETING QUOTA.**—A cotton marketing quota established for a farm under Section 346 (a) of the Act.

(25) **PRODUCER MARKETING QUOTA.**—A producer's share of a farm marketing quota.

(26) **FARM ACREAGE ALLOTMENT.**—A cotton acreage allotment established for a farm under Sec. 204 or 205.

(27) **NORMAL YIELD.**—The number of pounds of lint cotton established as the normal yield per acre for the farm in accordance with Sec. 206.

(28) **ACTUAL PRODUCTION OF ANY NUMBER OF ACRES.**—The actual average yield of lint cotton for the farm for 1940 times such number of acres.

(29) **NORMAL PRODUCTION OF ANY NUMBER OF ACRES.**—The normal yield per acre of lint cotton for the farm times such number of acres.

(30) **COTTON.**—Any cotton other than long staple cotton.

(31) **LONG STAPLE COTTON.**—Cotton the staple of which is $1\frac{1}{2}$ inches or more in length.

(32) **LINT COTTON.**—The fiber taken from seed cotton by ginning.

(33) **SEED COTTON.**—The harvested fruit of the cotton plant before it is ginned.

(34) **GINNING.**—Separating lint cotton from the seed.

(35) **MARKET.**—To dispose of by sale, barter, or exchange.

(i) The term "sale" means any transfer of title to cotton by a producer to another by any means other than barter or exchange.

(ii) The terms "barter" and "exchange" mean transfer of title to cotton by a producer to another in return for cotton or other commodities, services, or property in cases where the value of the cotton or such other commodities, services, or property is not considered in terms of money, or the transfer of title to cotton by a producer to another in payment of a fixed rental or other charge for land.

(iii) "Marketed," "marketing," and "for market" shall have corresponding meanings to the term "market" in the connection in which they are used.

(36) **MARKETING YEAR.**—The period beginning on August 1, 1940, and ending with July 31, 1941, both dates inclusive.

(37) **PENALTY.**—The penalty provided in section 348 of the act.

(38) **STATE AND COUNTY CODE NUMBER.**—The applicable number assigned by the Agricultural Adjustment Administration to each county for the purpose of identification.

(39) **SERIAL NUMBER OF THE FARM OR FARM SERIAL NUMBER.**—The serial number assigned to a farm.

(40) **GIN BALE NUMBER OR MARK.**—The number on the bale tag or any other mark made or used by the ginner to identify a bale of cotton.

(41) **UNDERPLANTED FARM.**—A farm on which the acreage planted to cotton in 1940 is not in excess of the farm acreage allotment established therefor.

(42) **OVERPLANTED FARM.**—A farm on which the acreage planted to cotton in 1940 is in excess of the farm acreage allotment established therefor.

(43) **CARRY-OVER PENALTY COTTON.**—The amount of cotton from any previous crop which a producer has on hand which, if marketed during the 1939-40 marketing year, would have been subject to the penalty.

(44) **CARRY-OVER PENALTY FREE COTTON.**—The amount of cotton from any previous crop which a producer has on hand which, if marketed during the 1939-40 marketing year, would not have been subject to the penalty. [Sec. 375, 52 Stat. 66.]

PART II. ALLOTMENTS AND YIELDS

SEC. 201. NATIONAL BALEAGE ALLOTMENT

The national allotment of cotton for the calendar year beginning January 1, 1940, is 10,000,000 standard bales of 500 pounds gross weight, increased by that number of standard bales of 500 pounds gross weight equal to the production in 1940 of that number of acres required to be allotted for 1940 as set forth in Sec. 202 (c), relating to minimum State acreage allotments, and in Sec. 203 (b), relating to minimum county acreage allotments. The production in 1940 of the acreage allotment referred to in Sec. 202 (e), relating to a special fund of acreage allotments consisting of four percent of the State acreage allotment, and in Sec. 202 (f), relating to minimum farm acreage allotments, shall be in addition to such national allotment. [Sec. 343 (a), (b), and (c), 52 Stat. 56, as amended by 53 Stat. 1125.]

SEC. 202. STATE BALEAGE ALLOTMENTS AND STATE ACREAGE ALLOTMENTS

(a) **State baleage allotment.**—Ten million standard bales of the national baleage allotment of cotton for the calendar year 1940 shall be apportioned among the several States on the basis of the average of the normal production of cotton in each State for the five years 1934 to 1938. The normal production of a State for each such year shall be (1) the quantity of cotton produced therein in such year plus (2) the normal production of the acres diverted from the production of cotton in all counties in the State under the agricultural adjust-

ment or conservation program in such year. The normal production of the acres diverted from the production of cotton in any county in any year shall be the average yield per acre of the acres planted to cotton in such county in such year times the number of acres so diverted in such county in such year. [Sec. 344 (a).]

(b) State acreage allotment.—A State acreage allotment shall be established for each State to which an allotment is made under paragraph (a). The State acreage allotment shall be that number of acres equal to the result obtained by dividing the number of standard bales allotted to the State under paragraph (a) by the average yield per acre for the State expressed in standard bales. The average yield per acre for any State shall be determined on the basis of the average of the normal production for the State for the 5 years 1934 to 1938 and the average, for the same period, of the acres diverted from the production of cotton in the State under the agricultural adjustment or conservation programs and the acres planted to cotton. [Sec. 344 (b).]

(c) Minimum State acreage allotment.—Notwithstanding the foregoing provisions of this section, the State acreage allotment for any State which is less than 5,000 acres shall be increased to 5,000 acres if at least 3,500 bales of cotton were produced in such State in any of the 5 years 1935 to 1939. [Sec. 344 (c) (2).]

(d) State acreage reserve for new farms.—An acreage not greater than two percent of the State acreage allotment shall be made available for apportionment to farms in the State on which cotton was not planted in any one of the three years 1937, 1938, and 1939. [Sec. 344 (c) (2).]

(e) Special State acreage allotment of four percent of State acreage allotment.—In addition to the State acreage allotment, a special State acreage allotment (hereinafter referred to as the "4 percent State reserve") equal to 4 percent of the State acreage allotment shall be established for each State for apportionment as set forth in Sec. 204 (b), (e), and (f). [Sec. 344 (g).]

(f) Increases to provide for minimum farm acreage allotments.—There shall be available in each State for allotment to farms that number of acres equal to the total amount by which farm acreage allotments in the State are increased as set forth in sec. 204 (h), relating to certain minimum and maximum farm acreage allotments. This increase shall be in addition to the State acreage allotment and the 4 percent State reserve. [Sec. 344 (h).] (Sec. 344, 52 Stat. 57, 203, 586, and 53 Stat. 512, 853.)

SEC. 203. COUNTY ACREAGE ALLOTMENTS

(a) Regular county acreage allotments.—The State acreage allotment (less that part set aside under sec. 202 (d) for apportionment to new farms) shall be apportioned among the counties in the State on the basis of the sum of (1) the acreage therein planted to cotton during the 5 years 1934 to 1938 and (2), in the applicable years, the acreage therein diverted from the production of cotton under agricultural adjustment and conservation programs, with adjustments for abnormal weather conditions and trends in acreage during such 5-year

period. The acreage allotment for each county to which an allotment is so apportioned shall be increased by the number of acres, if any, required to provide an acreage allotment for each such county of not less than 60 percent of the sum of (1) the acreage therein planted to cotton in 1937 and (2) the acreage therein diverted from the production of cotton in 1937 under the agricultural conservation program. [Sec. 344 (c) (1), Sec. 344 (e) (1).]

(b) Administrative areas.—If in any county there are one or more areas which, because of difference in types, kinds, and productivity of the soil or other conditions, should be treated separately in order to prevent discrimination, each such area shall, in accordance with applicable instructions, be designated by the county committee, and the county acreage allotment shall be apportioned among such areas (1) on the basis of the acreage in each such area planted to cotton in 1937 plus the acreage therein diverted from the production of cotton in 1937 under the agricultural conservation program or (2), if conditions affecting the acreage planted to cotton were not reasonably uniform throughout the county in 1937, on the basis of the cotton base acreage in each such area which was or could have been established in 1937 under the agricultural conservation program. [Sec. 344 (f).] (Sec. 344, 52 Stat. 57, 203, 586.)

SEC. 204. APPORTIONMENT OF ACREAGE ALLOTMENTS AMONG ESTABLISHED FARMS

(a) Acreage available for allotment.—The county committee, with the assistance of other local committees established in the county, shall apportion, in the manner set forth in this section, acreage allotments among all farms in the county on which cotton was planted in any one of the three years 1937 to 1939. The acreage allotments to be apportioned among such farms shall consist of (1) the regular county acreage allotment, consisting of an apportionment of the State acreage allotment made to the county, with such increase in the county acreage allotment as is necessary to provide for the county a minimum acreage allotment of not less than 60 percent of the planted plus diverted cotton acreage in the county in 1937, and (2) a distributive part, applicable to the county, of the 4 percent State reserve. This distributive part shall be the sum of the acreage allotted to farms in the county, insofar as the amount of the 4 percent State reserve will permit, under the following conditions in the order listed: (a) in supplying any deficiency in the regular county acreage allotment for the making of initial acreage allotments not exceeding 5 acres for each such farm; (b) in supplementing any acreage allotment made to any farm out of the regular county acreage allotment which, in consequence of the making of such initial acreage allotments, is inadequate and unrepresentative, and (c) in supplementing any acreage allotment made to any farm under this section which the county committee determines, in accordance with applicable instructions, is inadequate and unrepresentative. The committee shall not establish any farm acreage allotment which is not covered by the allotments mentioned above, except that after but not before the apportionment among farms of all the allotments mentioned above in this paragraph an additional farm acreage allotment shall be

made, as set forth in paragraph (h), to any farm in respect to which the acreage allotment otherwise made is less than the minimum acreage allotment set forth in paragraph (h). The term "planted plus diverted cotton acreage," as used in this section, shall be taken to mean the sum of the acreage planted in cotton and the acreage diverted from cotton production under agricultural adjustment or conservation programs. [Sec. 344 (d), (e), (f), (g), (h).]

(b) Initial farm acreage allotments.—The regular county acreage allotment shall be first apportioned among farms on which cotton was planted in any 1 of the 3 years 1937 to 1939, and in making such apportionment there shall be first established for each such farm an initial acreage allotment equal to the highest planted plus diverted cotton acreage on the farm in any 1 of the 3 years 1937 to 1939, provided that no initial allotment shall exceed 5 acres for any such farm. These allotments shall be known as initial allotments and are referred to accordingly in this section. Any deficiency in the amount of the regular county acreage allotment for the making of such initial allotments shall be supplied by the use of the 4 percent State reserve insofar as such reserve will permit for the county. [Sec. 344 (d) (1), Sec. 344 (g) (1).]

(c) Reserve for small farms.—In the event that the regular county acreage allotment is more than sufficient to make the initial allotments, there shall be set aside for increase of allotments to small farms, as set forth in paragraph (g), an amount of not more than three percent of that amount of the regular county acreage allotment which remains after making the initial allotments. [Sec. 344 (d) (2).]

(d) Apportionment on the basis of tilled land.—The remainder of the regular county acreage allotment shall be apportioned among all farms on which the highest planted plus diverted cotton acreage in any 1 of the 3 years 1937 to 1939 was more than 5 acres. The acreage thus to be apportioned to each such farm shall, together with the initial allotment made to the farm, be a percentage (which shall be the same percentage for all farms in the county or administrative area within the county) of the acreage on the farm in 1939 which was tilled or was in regular rotation, excluding therefrom the acreage devoted to the production of sugarcane for sugar, wheat, tobacco, or rice for market, or of wheat or rice for feeding to livestock for market. [Sec. 344 (d) (3).]

(e) Increases as a result of making initial farm acreage allotments.—If, as a result of the making of initial allotments, the farm acreage allotments for farms made in accordance with paragraph (d) are substantially smaller than the farm acreage allotments which would have been made without regard to any provision for the making of initial allotments, the farm acreage allotments to such farms shall be increased to the acreage which would have resulted in the absence of any provision for the making of initial allotments, insofar as the remainder, if any, of the 4 percent State reserve will permit for the county after the making of initial allotments. [Sec. 344 (g) (2).]

(f) Increases in view of past production.—After allotments have been made from the 4 percent State reserve as provided in paragraphs (b) and (e), one-half of the remainder, if any, of such re-

serve shall be apportioned to farms for which the acreage allotment otherwise determined is less than 50 percent of the planted plus diverted cotton acreage on the farm in 1937, and the other one-half of the remainder, if any, of such reserve shall be available for increasing the allotments for any farms which are determined, in accordance with applicable instructions, to be inadequate and not representative in view of past production on the farm: *Provided*, That the cotton acreage allotment for any farm shall not be increased under this paragraph (f) above 40 percent of the acreage on such farm in 1939 which was tilled or was in regular rotation. [Sec 344 (g) (3).]

(g) Distribution of reserve for small farms.—Any farm acreage allotment made as aforesaid of more than 5 acres, but not exceeding 15 acres, may be increased from the reserve of not more than three percent of the county acreage allotment mentioned in paragraph (c). In making such increase due consideration shall be given to, and such allotments shall be made on the basis of, the land, labor, and equipment available for the production of cotton, crop-rotation practices, and the soil and other physical facilities affecting the production of cotton. [Sec. 344 (d) (2).]

(h) Certain minimum and maximum farm acreage allotments.—Notwithstanding the foregoing provisions of this section, (1) the farm acreage allotment made to any farm shall not exceed the highest planted plus diverted cotton acreage in any 1 of the 3 years 1937 to 1939, and (2) any farm acreage allotment which after but not before the apportionment of all acreage allotments, as provided in the foregoing paragraphs of this section, is less than 50 percent of the planted plus diverted cotton acreage on the farm in 1937 shall be increased to such amount, provided that such increase shall not be so made as to raise the farm acreage allotment above 40 percent of the acreage on the farm which in 1939 was tilled or was in regular rotation. The acreage allotments required to effect this minimum provision shall be in addition to all acreage allotments represented by the regular county acreage allotment and by the 4 percent State reserve. [Sec. 344 (d) (3), (g), and (h).]

(i) Reapportionment of unused farm acreage allotment.—After making the allotments under this section, any part of the acreage allotted to individual farms which it is determined, in accordance with applicable instructions, will not be planted to cotton in 1940 shall be deducted from the allotments to such farms and may be apportioned in accordance with applicable instructions, preference being given to farms in the same county receiving allotments which are inadequate and not representative in view of the past production of cotton on each farm. Notwithstanding the foregoing provisions of this paragraph, the acreage shall be apportioned to those farms designated by the county committee. In designating the farm to which the apportionment is to be made, the county committee shall consider only the character and adaptability of the soil and other physical facilities affecting the production of cotton and the need of the operator of such farm for an additional allotment to meet the requirement of the families engaged in the production of cotton in 1940 on the farm. Any transfer of allotments for 1940 as set forth in this paragraph shall not affect apportionment for any subsequent

year. [Sec. 344 (h)] (Sec. 344, 52 Stat. 57, 203, 586, and 53 Stat. 512, 853.)

SEC. 205. APPORTIONMENT OF ACREAGE ALLOTMENTS AMONG NEW FARMS

The county committee, with the assistance of other local committees, shall, in accordance with applicable instructions, apportion among farms for which an application for a farm acreage allotment was made within the time limit prescribed therefor by the Agricultural Adjustment Administration and on which cotton was not planted in any 1 of the 3 years 1937 to 1939 and on which cotton will be planted in 1940 the distributive part, applicable to the county, of acreage allotments which constitute a reserve of not more than 2 percent of the State acreage allotment. The basis of the apportionment shall be the land, labor, and equipment available on the farm for the production of cotton, crop-rotation practices, and the soil and other physical facilities affecting the production of cotton thereon. The acreage on the farm which will be tilled in 1940 or was tilled in 1939 shall, as a reflection of said factors, be regarded as the basic index of the farm's capacity for cotton production. [Sec. 344 (c) (2), 52 Stat. 57.]

SEC. 206. NORMAL YIELDS

(a) **Farms for which normal yields will be established.**—The county committee, with the assistance of the other local committees established in the county, shall determine the normal yield per acre of lint cotton for each farm for which a farm acreage allotment is established.

(b) **Yields based on reliable records.**—Where reliable records of the actual average yield of lint cotton per acre for all of the 5 years 1935 to 1939 are presented by the farmer or are available to the committee, the normal yield per acre of lint cotton for the farm shall be the average of such yields, adjusted, in accordance with applicable instructions, for abnormal weather conditions.

(c) **Appraised yields.**—If for any year of the 5-year period 1935 to 1939 (1) records of the actual average yield are not available, or (2) there was no actual yield because cotton was not planted in such year, the normal yield per acre of lint cotton for the farm shall be appraised by the county committee, taking into consideration the normal yield for the county, the yield in the years for which data are available, and the rainfall, temperature, and other weather conditions during the years for which data are available as compared with those for which data are not available, provided the appraised yield so obtained shall be adjusted in accordance with paragraph (d).

(d) **Adjustments in appraised yields.**—The yields determined under paragraph (c) shall be adjusted so that the average of the normal yields per acre of lint cotton determined for all farms in the county or local administrative area therein (weighted by the cotton acreage allotments established for such farms) shall conform to but not exceed the county or administrative area normal yield per acre of lint cotton established for 1940 by the Secretary of Agriculture [Sec. 301 (b) (13) (B) and (E), 52 Stat. 38, 202].

SEC. 207. APPLICABILITY OF DETAILED INSTRUCTIONS

The provisions of Sec. 201 through Sec. 206 shall be carried out in detail in accordance with the provisions of Part I, "Determining 1940 Farm Cotton Acreage Allotments and Yields," of the following instructions applicable to the regions indicated below:

SOUTHERN REGION: Cotton 408-SR, "Instructions Pertaining to Cotton Marketing Quotas for 1940."

EAST CENTRAL REGION: Cotton 408-ECR, "Instructions Pertaining to Cotton Marketing Quotas for 1940."

WESTERN REGION: Cotton 408-WR, "Instructions Pertaining to Cotton Marketing Quotas for 1940."

NORTH CENTRAL REGION: Cotton 408-NCR, "Instructions Pertaining to Cotton Marketing Quotas for 1940" [Sec. 375, 52 Stat. 66].

PART III. FARM MARKETING QUOTAS

SEC. 301. FARM MARKETING QUOTA

(a) **Amount of farm marketing quota.**—The farm marketing quota for any farm for the 1940-41 marketing year shall be that number of pounds of lint cotton equal to the sum of the following:

(1) The amount of the normal production or the actual production, whichever is the greater, of the farm acreage allotment, and

(2) The amount of any carry-over penalty free cotton.

(b) **Initial farm marketing quotas.**—Notwithstanding any other provisions of this section, the amount of the normal production of the farm acreage allotment, plus the amount of any carry-over penalty free cotton, shall be the farm marketing quota for any farm, unless and until it is determined by the county committee that the actual production in 1940 of the farm acreage allotment therefor is in excess of the normal production thereof. If measurements for any farm cannot be made, the farm marketing quota therefor shall be the normal production of the farm acreage allotment therefor, plus the amount of carry-over penalty free cotton.

(c) **Farm marketing quotas based on actual production.**—When the actual production in 1940 of the farm acreage allotment for any farm, as shown by the reports of cotton ginned from or produced on the farm or other satisfactory evidence, is found by the county committee to be in excess of the normal production of the farm acreage allotment, the farm marketing quota for the farm shall be adjusted upward by the amount by which the actual production of the farm acreage allotment exceeds the normal production thereof. Such adjustment shall be made as soon as practicable after all cotton produced on the farm in 1940 is harvested and satisfactory records pertaining to the amount thereof are presented to the county committee; however, intermediate adjustments for any farm may be made earlier if the adjustment is requested by the operator of the farm and determined by the county committee to be justifiable on the basis of the amount of cotton produced on the farm in 1940 that is harvested at the time of the request. [See 346 (a), 52 Stat. 59.]

SEC. 302. PUBLICATION OF FARM ACREAGE ALLOTMENTS, NORMAL YIELDS,
AND FARM MARKETING QUOTAS

(a) **Preparation of form Cotton 410.**—Immediately upon the establishment of farm acreage allotments and the determination of normal yields per acre of lint cotton for farms in a county or other local administrative area, the county committee shall cause to be prepared a list on form Cotton 410 showing the marketing year for which the farm marketing quotas are in effect and giving for each farm (1) the farm serial number, (2) the name of the operator, (3) the legal description or location of the farm or the name by which it is commonly known, (4) the farm acreage allotment, (5) the normal yield per acre of lint cotton, and (6) the farm marketing quota (for the purpose of publishing farm marketing quotas, the farm marketing quota for each farm shall be expressed in terms of the normal production of the farm acreage allotment).

(b) **Distribution of form Cotton 410.**—The list prepared on form Cotton 410 shall be permanently kept freely available for public inspection in the office of the county committee and a copy of it shall be posted for not less than thirty calendar days in a conspicuous place in the county (or in each local administrative area in the county if the county is divided into two or more local administrative areas for the purposes of the cotton marketing quota provisions of the act). Another copy of form Cotton 410 shall be furnished to the county agricultural extension agent in the county, who shall keep the list permanently available for public inspection in his office. Each list on form Cotton 410, or copy thereof, shall be plainly marked "Property of the Government of the United States—Must Not Be Removed, Taken, Carried Away, Mutilated, Altered, Destroyed, Or Concealed." [Sec. 362, 52 Stat. 62.]

SEC. 303. NOTICE OF FARM MARKETING QUOTAS

Immediately upon the establishment of farm acreage allotments and the determination of normal yields per acre of lint cotton for farms in a county or other local administrative area, the county committee shall mail to the operator of each farm a written notice on form Cotton 409 of the farm marketing quota for the farm. The notice shall contain at or near the top thereof the following statement: "To all persons who as operator, landlord, tenant, or share-cropper are interested in the farm for which this quota is established." Notice so given shall constitute notice to all such persons. The notice shall contain the information required to be contained in the list of farm acreage allotments, normal yields per acre of lint cotton, and farm marketing quotas for publication on form Cotton 410, together with a brief statement to the effect that the amount of the farm marketing quota for the farm is the number of pounds of lint cotton equal to the amount of the normal production of the farm acreage allotment plus the amount of any carry-over penalty free cotton plus the amount, if any, by which the actual production of the farm acreage allotment exceeds the normal production thereof.

The notice shall contain also a brief statement of the procedure whereby application for review of the quota may be made under section 363 of the act. A copy of each notice on form Cotton 409, containing a notation thereon of the date of mailing the notice to the operator of the farm, shall be kept among the permanent records of the county committee, and upon request a copy thereof, duly certified as true and correct, shall be furnished without charge to any person who as operator, landlord, tenant, or sharecropper is interested in the cotton produced in 1940 on the farm for which the notice was given. The county committee shall also mail to the operator of each new cotton farm for which it determines that no farm marketing quota will be established a written notice on form Cotton 409, informing the producers on such farm of its determination. [Sec. 362, 52 Stat. 62.]

SEC. 304. APPORTIONMENT OF FARM MARKETING QUOTAS AMONG PRODUCERS

(a) **Establishment of producer marketing quotas.**—The county committee shall apportion to each producer on a farm for which a farm marketing quota is established a share of the farm marketing quota, which shall be known as a "producer marketing quota." The producer marketing quota or the sum of all producer marketing quotas for any farm shall be the sum of the following:

(1) The amount of the normal production or the actual production, whichever is the greater, of the farm acreage allotment, and

(2) The amount of any carry-over penalty free cotton.

(b) **Initial apportionment of producer marketing quotas.**—The producer marketing quota for each producer shall first be determined, as soon as practicable after measurements are made for the farm, to be that proportion of the normal production of the farm acreage allotment for the farm which his share of the acreage planted to cotton in 1940 on the farm bears to the total acreage planted to cotton in 1940 on the farm. If measurements for any farm cannot be made, the initial producer marketing quota for each producer shall be the amount determined by dividing the normal production of the farm acreage allotment for the farm equally among all producers on the farm.

(c) **Intermediate reapportionment of producer marketing quotas.**—If an intermediate adjustment in the farm marketing quota based on actual production is made as set forth in sec. 301 (c), the amount by which the farm marketing quota is increased above the normal production of the acreage allotment shall be divided among the producers on the farm whose shares in the actual production thereon at that time exceed the amounts of the producer marketing quotas apportioned to them under paragraph (b) of this section in the proportion that each producer's excess production bears to the total amount of the excess production for all producers, provided that, any producer marketing quota as so increased shall not exceed the amount of the producer's share in the actual production at that time.

(d) Final reapportionment of producer marketing quotas.—

After all cotton produced in 1940 on the farm is harvested and the amount of the farm marketing quota is finally determined, the producer marketing quota apportioned under paragraph (b) of this section to any producer, whose share in the actual production on the farm plus his carry-over penalty cotton is less than such producer marketing quota, shall be reduced to the amount of his share in the actual production plus his carry-over penalty cotton and the reduced amount shall be his final producer marketing quota. The amount by which such producer marketing quotas were reduced, if any, plus the amount by which the farm marketing quota is increased above the normal production of the acreage allotment shall be distributed to the other producers on the farm as hereinafter provided and the amount so distributed to each such producer, if any, plus the amount apportioned to him under paragraph (b) shall be his final producer marketing quota.

(1) The amount available for distribution, or so much thereof as is necessary to provide a producer marketing quota for each producer equal to his share in the actual production on the farm, whichever is the smaller, shall be divided among those producers on the farm whose shares in the actual production thereon exceed the amounts of the producer marketing quotas apportioned to them under paragraph (b). Such division shall be made in the proportion that each such producer's excess production bears to the total amount of the excess production for all such producers.

(2) The remaining portion, if any, of the amount available for distribution, or so much thereof as is necessary to provide a producer marketing quota for each producer equal to his share in the actual production on the farm plus the amount of this carry-over penalty cotton, whichever is the smaller, shall be divided among those producers who have carry-over penalty cotton which, together with their shares in the actual production on the farm, exceeds the sum of the amounts apportioned to them under paragraph (b) and subparagraph (1) above. Such division shall be made in the proportion which each such producer's share in the actual production on the farm bears to the total production of all such producers.

(3) The remaining portion, if any, of the amount available for distribution shall be divided among the persons on the farm, who are not engaged in the production of cotton in 1940, in the proportion that they have carry-over penalty cotton.

(e) Adjustments in producer marketing quotas to provide for special conditions.—If any producer on a farm complains in writing to the county committee, or if the county committee upon its own motion finds, that the apportionment of the farm marketing quota to producers, as originally determined under paragraph (b), or as adjusted under paragraph (c) or paragraph (d), is not fair and reasonable, because of variations in productivity, the acreage planted to cotton by each producer, crop failure, or any other cause, and the county committee has good ground to believe that any complaint so made is well-founded, it shall review the apportionment made under paragraph (b), or paragraph (c), or paragraph

(d), as the case may be, and, if it finds that such apportionment is not fair and reasonable, shall reapportion the farm marketing quota among the various producers on the farm in a manner which, in view of all the facts adduced, is fair and reasonable for all producers on the farm.

(f) **Carry-over penalty free cotton.**—There shall be added to and made a part of any producer marketing quota, as determined in accordance with this section, the amount of any carry-over penalty free cotton which the county committee determines, in accordance with applicable instructions, that the producer had on hand at the beginning of the marketing year.

(g) **Underplanted farms in connection with which no producer has carry-over penalty cotton.**—Notwithstanding any other provisions of this section, if no producer on an underplanted farm has any carry-over penalty cotton, each producer shall be entitled to a share of the farm marketing quota equal to the amount of his share in the cotton produced thereon in 1940, plus the amount of any carry-over penalty free cotton which he had on hand at the beginning of the marketing year. The county committee shall not apportion the farm marketing quota for such farm among the producers thereon, as provided in the foregoing provisions of this section, unless and until a red marketing card or a blue marketing card is to be issued to a producer on the farm. [Sec. 375 (b), 52 Stat. 66.]

SEC. 305. SUCCESSORS IN INTEREST

Any person who succeeds to the interest of a producer in a farm, or in a cotton crop, or cotton for which a farm marketing quota was established shall, to the same extent as his predecessor, be entitled to all the rights and privileges incident to such marketing quota and be subject to the restrictions on the marketing of cotton. [Sec. 375 (b), 52 Stat. 66.]

SEC. 306. MARKETING QUOTAS NOT TRANSFERABLE

A farm marketing quota is established for a farm and may not be assigned or otherwise transferred in whole or in part to any other farm. A producer marketing quota may not be assigned or otherwise transferred in whole or in part, except that it may be reapportioned among producers on a farm as set forth in these regulations. [Sec. 375 (b), 52 Stat. 66.]

SEC. 307. REVIEW OF QUOTAS

(a) **Review committees.**—Any producer who is dissatisfied with the farm marketing quota established for his farm, or, in the case of a new cotton farm, with the action of the county committee in refusing to establish a farm marketing quota for such farm, may, by making application within 15 days after the mailing to him of the notice on form Cotton 409, have such quota or determination reviewed by a local review committee composed of three farmers appointed by the Secretary of Agriculture. The review committee shall, upon proper application, review the action of the county committee. The review committee in determining any farm marketing

quota shall, to the same extent as the county committee, be limited to the establishment of a farm marketing quota in an amount which, under the law and regulations, should have been established. Unless such application is made within 15 days the original determination of the farm marketing quota shall be final. All applications for review shall be made in accordance with the Review Regulations (38-A. A. A.-2) issued by the Secretary of Agriculture. [Secs. 363 and 364, 52 Stat. 63.]

(b) Court review.—If the producer is dissatisfied with the determination of the review committee, he may, within 15 days after notice is mailed to him by registered mail, file a bill in equity against the review committee to have the determination of the review committee reviewed by a court in accordance with section 365 of the act. [Secs. 365 and 366, 52 Stat. 63.]

SEC. 308. MARKETING QUOTAS IN EFFECT

Marketing quotas shall be in effect during the 1940-41 marketing year with respect to the marketing of cotton. Cotton produced in the calendar year 1940 shall be subject to the quotas in effect, notwithstanding that it may be marketed prior to August 1, 1940. [Sec. 345, 52 Stat. 58.]

PART IV. MEASUREMENT OF FARMS

SEC. 401. PROVISION FOR MEASURING FARMS

The county committee shall provide for measuring each farm in the county for which a farm acreage allotment was established or on which cotton is planted in 1940. The measuring of any farm shall be done in accordance with the established procedure used by the Agricultural Adjustment Administration. [Sec. 374, 52 Stat. 65.]

SEC. 402. IDENTIFICATION OF FARMS AND REPORT OF MEASUREMENTS

The committee shall assign to each farm, as operated in the calendar year 1940, a farm serial number for the 1940-41 marketing year, which shall not be changed and all records pertaining to marketing quotas for the marketing year for such farm shall be identified by the farm serial number. The county committee shall keep a record of the measurements made on all farms and shall file with the State committee a written report on form Cotton 418, setting forth for each overplanted farm (1) the farm serial number, (2) the name of the operator, (3) the name of each person having an interest in the cotton crop produced thereon in 1940 or in the proceeds thereof, (4) the total acreage in cultivation, (5) the farm acreage allotment, and (6) the acreage planted to cotton in 1940. [Sec. 374, 52 Stat. 65.]

PART V. MARKETING CARDS AND MARKETING CERTIFICATES

SEC. 501. ISSUING WHITE MARKETING CARDS

(a) Producers eligible to receive white marketing cards.—As soon as practicable after measurements have been made, as provided in sec. 401, the county committee shall, except as provided in paragraph

(b) of this section and sec. 902 (b), issue a white marketing card (form Cotton 411), to the operator of each underplanted farm on which the county committee determines that there is no producer who has carry-over penalty cotton and, unless the county committee finds that it will not serve a useful purpose, to other producers on the farm. Each white marketing card shall show (1) the name and address of the operator, (2) the name and address of the producer, if other than the operator, to whom issued, (3) the names of the State and county and the code number thereof and the serial number of the farm, (4) the signature of a member of the county committee signing for the county committee, (5) the countersignature of the operator or other producer to whom the card is issued, or his duly authorized agent, and (6) any other information which the county committee considers to be necessary in identifying the farm on which the cotton was produced.

(b) Producers not eligible to receive white marketing cards.—A white marketing card shall not be issued to any producer who is engaged in the production of cotton on any overplanted farm in the county or who has carry-over penalty cotton. If the county committee, or the State committee, determines that the issuance of a red marketing card rather than the issuance of a white marketing card to any producer with respect to any farm is necessary to enforce the provisions of the act, a white marketing card shall not be issued to or for him and a red marketing card shall, in the manner otherwise provided for in these regulations, be issued to him and, if the county committee finds it necessary, to any other producer on any farm in which he has an interest as a cotton producer.

(c) Certificate that a white marketing card was issued.—The county committee shall, upon request, issue a certificate in triplicate on form Cotton 411-A to any producer to whom a white marketing card was issued and who desires to market cotton by telephone, telegraph, letter, or by any means or method other than directly to and in the presence of the buyer or transferee. Each certificate on form Cotton 411-A shall show (1) the name and address of the operator or producer to whom issued, (2) the names of the State and county and the code number thereof and the serial number of the farm, (3) the serial number of the white marketing card issued to the producer for the farm, and (4) the signature of a member of the county committee signing for the committee. [Sec. 375 (a), 52 Stat. 66.]

SEC. 502. ISSUING RED MARKETING CARDS

(a) Producers eligible to receive red marketing cards.—As soon as practicable after it has been determined that (1) the farm is an overplanted farm, or (2) any producer thereon has any carry-over penalty cotton, or (3) the farm cannot be measured, the county committee shall issue a red marketing card (form Cotton 412) to each producer on the farm. Any red marketing card so issued shall show (1) the name and address of the operator, (2) the name and address of the producer, if other than the operator, to whom issued, (3) the names of the State and county and the code number thereof and the serial number of the farm, (4) the signature of a member of the county committee signing for the county committee, (5) the countersignature

ture of the operator or other producer to whom issued, or his duly authorized agent, (6) the amount of the producer marketing quota for the producer as first determined under sec. 304 (b), exclusive of any amount of carry-over penalty free cotton pledged by him to secure a Commodity Credit Corporation loan, and (7) any other information which the county committee considers to be necessary in identifying the farm on which the cotton was produced. The total of all producer marketing quotas or the farm marketing quota, as evidenced by red marketing cards or a red marketing card issued under this paragraph, shall not be greater than the normal production of the farm acreage allotment for the farm plus the amount of carry-over penalty free cotton designated to be marketed in connection with the farm, exclusive of any amount of carry-over penalty free cotton pledged as security for a Commodity Credit Corporation loan. A red marketing card shall likewise be issued to any person who is not engaged in cotton production in 1940 but who was engaged in the production of cotton in any prior marketing year and who has carry-over penalty free cotton, or carry-over penalty cotton the marketing of which would be subject to the penalty of 3 cents per pound, or both, and any such red marketing card shall show the information specified above except that, in lieu of the producer marketing quota, the amount of such cotton which may be marketed without penalty shall be shown thereon. When the county committee determines that cotton is being produced during the crop year 1940 on a new farm for which no farm marketing quota can be established, it shall issue a red marketing card to each producer on the farm showing thereon the word "None," or the amount of carry-over penalty free cotton which the producer has on hand which is not pledged as security for a Commodity Credit Corporation loan. Any red marketing card issued shall be accompanied by the certificates on forms Cotton 413 which are required to be executed as provided in these regulations by the producer and the buyer or transferee.

(b) Appointment of operator to receive red marketing card in trust for all producers.—In cases where more than one producer shares in the acreage planted to cotton in 1940 on a farm and all producers on the farm agree that a red marketing card shall be issued to the operator in trust for all producers on the farm, the county committee may issue to the operator of the farm a red marketing card showing the entire amount of the farm marketing quota, as determined under sec. 301 (b), or the amount by which the farm marketing quota is increased pursuant to sec. 301 (c). The agreement of the producers shall be evidenced by form Cotton 424. The operator to whom a red marketing card is issued under this paragraph shall nevertheless make available to each producer on the farm the amount of the producer marketing quota to which he is entitled under sec. 304 and he shall report to the county committee, as provided in sec. 805 (d), the distribution of the farm marketing quota among the producers on the farm. No agreement pursuant to this paragraph shall be recognized by the county committee if it has reason to believe that the customary marketing practices on the farm are inconsistent with the agreement or that the rights of any producer would be prejudiced by the issuance of the red marketing card to the operator. If measurements for any farm cannot be made, an

agreement pursuant to this paragraph shall not be recognized and separate red marketing cards shall be issued, as provided in paragraph (a) to each producer on the farm.

(c) Issuing red marketing cards on the basis of an increase in or additional reapportionment of the farm marketing quota.—

(1) If the farm marketing quota for the farm is increased above the normal production of the farm acreage allotment on the basis of the actual production thereof and is apportioned or reapportioned among the producers thereon, or the farm marketing quota for the farm is not so increased but is reapportioned among the producers thereon on the basis of the actual production, the county committee may enter in the space provided on the red marketing card previously issued to each producer the amount by which his producer marketing quota was increased pursuant to sec. 304 as a result of the additional apportionment or reapportionment of the farm marketing quota. If a red marketing card was issued to the operator of the farm in trust for all producers on the farm, as provided in paragraph (b), and the farm marketing quota for the farm is increased as provided in sec. 301 (c), the county committee may enter in the space provided on the red marketing card previously issued to the operator the amount by which the farm marketing quota is increased. The increase in the quota shall be evidenced further by entering the word "Additional" in the heading of the first unused certificate on form Cotton 413 and by entering thereon the amount by which the quota was increased, plus the unused portion of the quota for which the red marketing card originally was issued. The red marketing card and form Cotton 413 as altered in this manner shall be valid only if signed and dated by a member of the county committee acting for it. Any further increases in the amount of the producer or farm marketing quota shall be evidenced by an additional red marketing card issued to the producer or operator, as the case may be. An additional red marketing card issued under this paragraph shall be accompanied by the certificates on form Cotton 413 and shall otherwise show information comparable to that provided to be shown on the marketing card originally issued to the producer under paragraph (a), or to the operator under paragraph (b), except that the word "Additional" shall be endorsed in bold characters across the face of the red marketing card.

(2) In the event a portion or all of a producer marketing quota previously determined for a producer and evidenced by a red marketing card or cards issued to him is reapportioned among other producers on the farm, as provided in sec. 304, the county committee shall deduct the portion so reapportioned from the amount shown on the red marketing card or cards and the accompanying certificates on forms Cotton 413 previously issued to the producer by entering thereon the amount deducted and the amount of the reduced producer marketing quota which is in excess of the amount of cotton previously marketed by or for the producer. The reduction in the amount of the producer marketing quota shall be evidenced further by the signature or initials of a member of the county committee signing for it opposite the entry on the red marketing card. Any red marketing card issued to any producer shall be returned by him to the county committee at the time a portion or all of his producer marketing quota is reappor-

tioned. In the event any producer fails or refuses to deliver to the county committee, within 15 calendar days after the date of a request in writing to do so, any red marketing card issued in evidence of a producer marketing quota a portion or all of which was reapportioned, the county committee shall forthwith cancel such marketing card and notify the producer that the marketing card is void and of no effect by depositing written notice of the cancelation in the United States mails, registered and addressed to the producer at his last-known address. A copy of such notice, containing a notation thereon of the date of mailing, shall be kept among the records of the county committee. The county committee shall immediately notify the ginner and buyers in the county that the marketing card is canceled and shall also notify the county committee of each adjoining county, which shall in turn notify the ginner and buyers in their respective counties.

(3) The farm marketing quota or the total of all producer marketing quotas with respect to any farm, as evidenced by red marketing cards issued under this paragraph and paragraph (a) or (b), shall not be greater than the amount of the farm marketing quota for the farm determined as provided for in sec. 301. [Sec. 375 (a), 52 Stat. 66.]

SEC. 503. ISSUING BLUE MARKETING CARDS

(a) **Producers eligible to receive blue marketing cards.**—The county committee shall issue a blue marketing card (form Cotton 414) to each producer or person who has carry-over penalty cotton which he is entitled to market subject to the penalty of 2 cents per pound. Any blue marketing card so issued shall show (1) the name and address of the operator, (2) the name and address of the producer, if other than the operator, to whom issued, (3) the names of the State and county and the code number thereof and the serial number of the farm, (4) the signature of a member of the county committee signing for the county committee, (5) the countersignature of the operator or other producer to whom issued, or his duly authorized agent, (6) the amount of carry-over penalty cotton, exclusive of any amount thereof pledged as security for a Commodity Credit Corporation loan, and (7) any other information which the county committee considers to be necessary in identifying the farm in connection with which it is to be marketed. Any blue marketing card issued shall be accompanied by the certificates on forms Cotton 415 which are required to be executed as provided in these regulations by the producer and the buyer or transferee.

(b) **Appointment of operator to receive blue marketing card in trust for all producers.**—In cases where more than one person on the farm has carry-over penalty cotton which they are entitled to market subject to the penalty of 2 cents per pound and all of such persons agree that a blue marketing card shall be issued to the operator in trust for all of them, the county committee may issue to the operator of the farm a blue marketing card showing the entire amount of such cotton which they have on hand. The agreement shall be evidenced by form Cotton 424. The operator to whom a blue marketing card is issued under this paragraph shall use it for and on behalf of the parties to the agreement in the same manner that separate blue marketing cards issued to each of them would have

been used and he shall report to the county committee, as provided in sec. 805 (d), the use made of the blue marketing card. No agreement pursuant to this paragraph shall be recognized by the county committee if it has reason to believe that the customary marketing practices of the parties thereto are inconsistent with the agreement or that the rights of any producer would be prejudiced by the issuance of the blue marketing card to the operator. [Sec. 375 (a), 52 Stat. 66.]

SEC. 504. ISSUING MARKETING CARDS FOR COTTON PLEDGED AS SECURITY FOR A COMMODITY CREDIT CORPORATION LOAN

If any producer to whom a red marketing card was issued desires to market any carry-over penalty free cotton which is pledged as security for a Commodity Credit Corporation loan, the county committee shall, upon his request, issue to him a red marketing card for the amount thereof which he desires to market. If the cotton so pledged is carry-over penalty cotton the marketing of which would be subject to the penalty of 2 cents per pound, the county committee shall, upon the producer's request, issue to him a blue marketing card for the amount of such cotton which the producer desires to market. If the cotton so pledged is carry-over penalty cotton the marketing of which would be subject to the penalty of 3 cents per pound, the amount thereof shall be marketed by the producer on the marketing card or cards issued to him as otherwise provided by these regulations. [Sec. 375 (a), 52 Stat. 66.]

SEC. 505. ISSUING MARKETING CARDS FOR MULTIPLE FARMS

(a) Issuing white marketing cards.—In case a producer is engaged in 1940 in the production of cotton on more than one farm in a county (herein referred to as the "multiple farm producer") and all such farms are underplanted farms and the producers thereon do not have any carry-over penalty cotton, separate white marketing cards shall be issued by the county committee for each of such farms in accordance with the provisions of sec. 501.

(b) Issuing red marketing cards.—A multiple farm producer who has carry-over penalty cotton shall designate in writing for the marketing year one or more of his farms in connection with which the carry-over penalty cotton is to be marketed and thereafter, for the purposes of this paragraph, each farm so designated shall be treated as an overplanted farm for the purpose of issuing red marketing cards. In the event the producer fails or refuses to designate the farm or farms in connection with which the carry-over penalty cotton will be marketed, the county committee shall designate the farm or farms for this purpose and the designation so made shall be final and conclusive unless, within 15 days after the mailing of the notice of the designation to the producer, the producer designates in writing a different farm or farms in connection with which the carry-over penalty cotton will be marketed. In case all of the farms in the county on which the producer is engaged in 1940 in the production of cotton are overplanted farms, separate red marketing cards shall be issued as provided in sec. 502 by the county committee to all producers on each of such farms. In case one or more

but not all of the farms in the county on which the producer is engaged in 1940 in the production of cotton are overplanted farms, marketing cards shall be issued as follows:

(1) No marketing card shall be issued to or for the multiple farm producer with respect to any underplanted farm, except that, upon his request, a red marketing card for the amount of his producer marketing quota in connection therewith may be issued to him. A white marketing card may be issued to all other producers on such underplanted farms unless the county committee finds that, in order to enforce the provisions of the act, red marketing cards shall be issued to all producers, including the multiple farm producer, for such underplanted farms.

(2) A red marketing card shall be issued, as provided in sec. 502, to the multiple farm producer and to all other producers on each overplanted farm.

(c) Farms in other counties.—Notwithstanding any other provisions of this section, if a red marketing card is issued to a producer who is engaged in 1940 in the production of cotton on farms in more than one county, the procedure outlined in this section for issuing marketing cards for multiple farms in a county shall be followed with respect to all such farms in a State if the county committees of the respective counties so agree, or if the State committee has reason to believe that the procedure would be necessary in order to enforce the act. If such a procedure is followed, the State committee may require any producer so affected to file with it a list of all farms on which he is engaged in 1940 in the production of cotton, together with any other pertinent data which are deemed to be necessary in enforcing the act. [Sec. 375 (a), 52 Stat. 66.]

SEC. 506. LOST, DESTROYED, OR STOLEN MARKETING CARDS OR CERTIFICATES

(a) Report of loss, destruction, or theft.—In case any marketing card or certificate issued to a producer is lost, destroyed, or stolen, any person having knowledge thereof shall, insofar as he be able, immediately notify the county committee of the following: (1) the name of the operator of the farm for which such marketing card or certificate was issued; (2) the name of the producer to whom the marketing card or certificate was issued, if someone other than the operator; (3) the serial number of the marketing card or certificate; (4) the color or description of the marketing card or certificate; and (5) whether in his judgment it was lost, destroyed, or stolen and by whom.

(b) Investigation and findings of county committee.—The county committee shall make or cause to be made a thorough investigation of the circumstances of such loss, destruction, or theft. If the county committee finds, on the basis of its investigation, that such marketing card or certificate was in fact lost, destroyed, or stolen, it shall cancel such marketing card or certificate by giving notice to the producer to whom the card or certificate was issued that it is void and of no effect. The notice to that effect shall be in

writing addressed to the producer at his last-known address, and deposited in the United States mails. If the county committee also finds that there has been no collusion or connivance in connection therewith on the part of the producer to or for whom the marketing card or certificate was issued, it shall issue to or for him a marketing card or certificate of the same kind and bearing the same name, information, and identification as the lost, destroyed, or stolen marketing card or certificate. If the marketing card lost, destroyed, or stolen was a red marketing card or a blue marketing card, the county committee shall enter on the duplicate marketing card a deduction for the amount of the cotton which it determines was marketed by or for the producer to whom the marketing card was issued. Each marketing card or certificate issued under this section shall bear across its face in bold characters the word "Duplicate." In case a marketing card or certificate is canceled as provided for in this section, the county committee shall immediately notify the ginners and buyers in the county that the marketing card or certificate is canceled and that a duplicate was issued. The county committee shall also notify the county committee of each adjoining county, which shall in turn notify the ginners and buyers in their respective counties. Any ginner or buyer or any other person coming into possession of a canceled marketing card or certificate shall immediately return it to the county committee which issued it. [Sec. 375 (a), 52 Stat. 66.]

SEC. 507. CANCELATION OF MARKETING CARDS OF CERTIFICATES ISSUED IN ERROR

In the event any marketing card or certificate was erroneously issued, the producer to whom it was issued shall, upon request, forthwith return it to the county committee and it shall be canceled by the county committee by endorsing thereon in bold characters the notation "Canceled." The county committee shall forthwith cancel such marketing card or certificate and notify the producer that it is void and of no effect by depositing written notice of the cancellation in the United States mails, registered and addressed to the producer at his last-known address. A copy of the notice, containing a notation thereon of the date of mailing, shall be kept among the records of the county committee. The county committee shall immediately notify the ginners and buyers in the county that the marketing card or certificate is canceled. The county committee shall also notify the county committee of each adjoining county, which shall in turn notify the ginners and buyers in their respective counties. [Sec. 375 (a), 52 Stat. 66.]

PART VI. IDENTIFICATION OF COTTON

SEC. 601. TIME AND MANNER OF IDENTIFICATION

Each producer who markets cotton which is subject to these regulations shall, at the time of marketing the cotton, identify the cotton as subject to or not subject to the marketing restrictions and penalties provided in the act by presenting to the buyer or transferee

the marketing card or certificate issued to or for the producer with respect to the cotton. Each buyer or transferee who buys or receives cotton from the producer thereof shall, at the time the cotton is marketed to him, require the producer to present the marketing card or certificate issued to or for the producer with respect to the cotton, and if the cotton is not so identified by the producer at the time it is marketed, the buyer or transferee of the cotton shall deem it to be marketed subject to the penalty of three cents per pound provided for in section 348 of the act. [Sec. 375 (a), 52 Stat. 66.]

SEC. 602. IDENTIFICATION BY WHITE MARKETING CARDS

(a) Cotton marketed directly to and in the presence of the buyer or transferee.—A white marketing card shall, when presented to the buyer or transferee by the producer to whom it was issued, be evidence to the buyer or transferee of the fact that the cotton with respect to which the white marketing card was issued may be marketed without payment or collection of any penalty at the time of marketing.

(b) Cotton not marketed directly to and in the presence of the buyer or transferee.—In cases where the marketing of cotton is effected by telephone, telegraph, or mail, or by any means or method other than directly to and in the presence of the buyer or transferee, a certificate on form Cotton 411-A, properly executed by the county committee and the producer to whom it was issued, shall, when presented by the producer to the buyer or transferee, be evidence to the buyer or transferee of the fact that the cotton may be marketed without the payment of collection of any penalty at the time of marketing. [Sec. 375 (a), 52 Stat. 66.]

SEC. 603. IDENTIFICATION BY RED MARKETING CARDS

(a) Cotton marketed directly to and in the presence of the buyer or transferee.—A red marketing card, together with the accompanying certificates on forms Cotton 413, shall, when presented to the buyer or transferee by the producer to whom they were issued, be evidence to the buyer or transferee of the fact that the cotton with respect to which the red marketing card was issued is cotton the marketing of which is not subject to the penalty provided for in section 348 of the act until the amount identified by such red marketing card and marketed thereunder is equal to the farm or producer marketing quota shown on such card and thereafter as evidence of the fact that such cotton is cotton the marketing of which is subject to the penalty of 3 cents per pound provided for in section 348 of the act.

(b) Cotton not marketed directly to and in the presence of the buyer or transferee.—In cases where the marketing of cotton is effected by telephone, telegraph, or mail, or by any means or method other than directly to and in the presence of the buyer or transferee, a certificate on form Cotton 413, properly executed by the producer to whom it was issued, shall, when presented by the producer to the buyer or transferee, be evidence to the buyer or transferee of the

fact that a red marketing card was issued to the producer and that so much of the cotton identified by the certificate which is not in excess of the unused farm or producer marketing quota shown thereon is not subject to the penalty provided for in section 348 of the act and that so much of the cotton identified thereby which is in excess of the unused farm or producer marketing quota shown thereon is subject to the penalty of 3 cents per pound provided for in section 348 of the act. [Sec. 375 (a), 52 Stat. 66.]

SEC. 604. IDENTIFICATION BY BLUE MARKETING CARDS

(a) Cotton marketed directly to and in the presence of the buyer or transferee.—A blue marketing card, together with the accompanying certificates on forms Cotton 415, shall, when presented to the buyer or transferee by the producer to whom they were issued, be evidence to the buyer or transferee of the fact that the cotton with respect to which the blue marketing card was issued is cotton the marketing of which is subject to the penalty of 2 cents per pound provided for in section 348 of the act until the amount of cotton identified by such blue marketing card and marketed thereunder is equal to the amount of carry-over penalty cotton shown thereon and thereafter as evidence of the fact that any cotton marketed thereunder is cotton the marketing of which is subject to the penalty of 3 cents per pound provided for in section 348 of the act.

(b) Cotton not marketed directly to and in the presence of the buyer or transferee.—In cases where the marketing of cotton is effected by telephone, telegraph, or mail, or by any means or method other than directly to and in the presence of the buyer or transferee, a certificate on form Cotton 415, properly executed by the producer to whom it was issued, shall, when presented by the producer to the buyer or transferee, be evidence to the buyer or transferee of the fact that a blue marketing card was issued to the producer and that so much of the cotton identified by the certificate which is not in excess of the amount of carry-over penalty cotton shown thereon is subject to the penalty of 2 cents per pound provided for in section 348 of the act and that so much of the cotton identified thereby which is in excess of the amount of carry-over penalty cotton shown thereon is subject to the penalty of 3 cents per pound provided for in section 348 of the act. [Sec. 375 (a), 52 Stat. 66.]

SEC. 605. IDENTIFICATION BY CERTIFICATE FOR PUBLICLY OWNED AGRICULTURAL EXPERIMENT STATIONS

A marketing certificate issued with respect to a publicly owned agricultural experiment station shall, when presented by such experiment station to the buyer or transferee, be evidence to the buyer or transferee of the fact that the cotton with respect to which it was issued was cotton grown solely for experimental purposes by a publicly owned agricultural experiment station and that the marketing of such cotton is not subject to the penalty provided for in section 348 of the Act. [Secs. 372 (d) and 375 (a), 52 Stat. 204 and 66.]

SEC. 606. IDENTIFICATION OF LONG STAPLE COTTON

A certificate on form Cotton 321 by a federally licensed cotton classifier that the staple of cotton covered by such certificate is $1\frac{1}{2}$ inches or more in length shall, when presented by the producer to the buyer or transferee, be evidence to the buyer or transferee, that the cotton covered thereby is not subject to the penalty provided for in section 348 of the act. [Secs. 350 and 375 (a), 52 Stat. 60 and 66.]

PART VII. PENALTIES

SEC. 701. PENALTIES IN GENERAL

Any producer who markets cotton in excess of the farm marketing quota for the 1940-41 marketing year shall be subject to a penalty of three cents per pound with respect to the excess so marketed, whether the excess is cotton produced in the 1940-41 marketing year or in any prior marketing year, except that the penalty shall be two cents per pound with respect to the amount of carry-over penalty cotton marketed in excess of the farm marketing quota which would, if marketed during the 1938-39 marketing year, have been marketed subject to penalty in that marketing year and likewise would have been subject to the penalty of 2 cents per pound if marketed during the 1939-40 marketing year. (The penalty of 3 cents per pound or 2 cents per pound, as the case may be, is herein referred to as "the penalty.") Any producer shall be subject to the penalty of three cents per pound on cotton which is marketed in excess of the farm marketing quota or the producer marketing quota apportioned to him under these regulations, as evidenced by the red marketing card issued to him in accordance with these regulations, or subject to the penalty of 2 cents per pound if the cotton is identified when marketed by the blue marketing card issued to him in accordance with these regulations and is not marketed in excess of the amount of cotton shown thereon, or subject to the penalty of 3 cents per pound if the cotton is not identified when marketed as provided in these regulations. [Sec. 348, 52 Stat. 59.]

SEC. 702. PAYMENT AND COLLECTION OF PENALTIES

(a) **Time when penalties become due.**—The penalty shall be due at the time the cotton is marketed by sale, barter, or exchange. Cotton shall be deemed to be sold when either title to or actual or constructive possession of the cotton is delivered by or on behalf of the producer or any part of the purchase price is paid. Cotton shall be deemed to have been marketed by barter or exchange when it is delivered to the transferee of the cotton by actual or constructive delivery or the transferer has received any part of the property, goods, or services for which the cotton is being bartered or exchanged.

(b) **Persons liable for collection and payment of penalties.**—The penalty in connection with the marketing of cotton by sale to any person within the United States shall be collected by the buyer at the time of sale. The penalty in connection with the marketing of

cotton by sale to any person not within the United States or by barter or exchange shall be paid by the producer liable for the penalty. In the case of a barter or exchange, the penalty may be collected by the person to whom such cotton is transferred, if the producer and the transferee of such cotton agree, as evidenced by the form Cotton 413 or form Cotton 415 covering the transaction, that the penalty shall be collected by the transferee as in the case of the marketing of cotton by sale to any person within the United States. The penalty, if any, due in connection with the marketing of any cotton produced on any farm for which a white marketing card is issued shall not be collected by the buyer or transferee of such cotton but shall be paid by the producer who marketed such cotton.

(c) Payment of a penalty prior to the marketing of cotton.—Any producer who would be liable for the penalty upon the marketing of any cotton produced by or for him may nevertheless pay such penalty prior to the time such cotton is marketed and the treasurer of the county committee for the county in which such cotton was produced shall receive the penalty as in the case of other penalties.

(d) Manner of collection.—The penalty may be collected by the buyer by receiving the amount thereof from the producer or by deducting from the purchase price of the cotton the amount of the penalty due with respect to the marketing thereof. The penalty may be collected by the transferee by receiving the amount thereof from the producer.

(e) Issuance of receipts for penalties collected.—Any buyer or transferee of cotton who, as provided for in paragraph (b), collects the penalty with respect to the marketing of cotton shall issue a receipt to the producer from whom the penalty is collected. [Sec. 372, 52 Stat. 65.]

SEC. 703. REMITTANCE OF PENALTIES TO THE TREASURER OF THE COUNTY COMMITTEE

(a) Time of remittance.—The penalty shall be remitted not later than 15 calendar days next succeeding the day on which the cotton was marketed by the producer. For and on behalf of the Secretary of Agriculture, the treasurer of the county committee for the county in which the farm on which the cotton was produced is located shall receive the penalty and issue to the person remitting the penalty a receipt therefor on form Cotton 419 or form Cotton 419-A.

(b) Form of remittance.—The penalty shall be remitted only in legal tender or by draft, check, or money order drawn payable to the order of the *Treasurer of the United States*. All checks, drafts, or money orders tendered in payment of the penalty shall be received by the treasurer of the county committee subject to collection and payment at par, and any receipt issued in connection therewith as provided for in paragraph (a) shall bear a notation to that effect and a description of the check, draft, or money order. [Sec. 372, 52 Stat. 65.]

SEC. 704. REFUNDS OF MONEY IN EXCESS OF THE PENALTY

(a) Conditions under which refunds may be made.—After the farm marketing quota for any farm has been finally determined, as

provided in sec. 301, and finally apportioned or reapportioned among the producers thereon, as provided in sec. 304, the county committee and the treasurer of the county committee, upon their own motion or upon the request of any person who has paid money in connection with marketing cotton for the farm, shall review the amount of money paid in connection with marketing cotton to determine whether the amount so paid is in excess of that due as the penalty for one or more of the following reasons:

(1) The money was received in connection with marketing cotton which was not marketed in excess of the farm or producer marketing quota as finally determined or apportioned;

(2) The money was received in connection with marketing cotton produced on a farm for which the farm marketing quota was increased by a determination of a review committee appointed by the Secretary of Agriculture or as a result of a court review of the determination of the review committee;

(3) The money was received in connection with marketing cotton produced in 1940 on a farm for which a farm acreage allotment was established for such year and on which the total amount of lint cotton produced in 1940 did not exceed 1,000 pounds;

(4) The money was received in connection with marketing cotton the staple of which is $1\frac{1}{2}$ inches or more in length;

(5) The money was received in connection with marketing cotton grown for experimental purposes only by a publicly owned agricultural experiment station; or

(6) The money was received through error.

No refund of money shall be made under this section unless the money has been remitted to the treasurer of the county committee and transmitted by him to the secretary of the State committee but has not been covered into the General Fund of the Treasury of the United States. No refund of money shall be approved unless and until the interest of every person on the farm in the money received in connection with marketing cotton is determined. No refund of any money shall be approved if it is determined that the amount thereof was collected or remitted by the buyer in connection with the marketing of cotton which was not identified when marketed by or for the producer thereof by a marketing card or certificate as provided in these regulations, unless and until all records and reports in connection therewith are made and the producer establishes the fact that the burden of the payment of the penalty was borne by him. No refund shall be made to any buyer of any funds received from him which he collected or was under a duty to collect in connection with cotton purchased by him.

(b) Determination of amounts of refunds.—The county committee and the treasurer of the county committee shall determine the total amount of the penalty incurred with respect to the marketing of cotton in excess of the farm marketing quota for the farm, and on the basis of the apportionment or reapportionment of the farm marketing quota among the producers on the farm, shall determine the total amount of money received from each producer and the total amount of the penalty incurred by each producer in connection with marketing cotton with respect to the farm. If money has been received in connection with marketing cotton by any person other than the producer by or for whom it was produced, and the person from whom the money was received has been reimbursed therefor, either by deducting the amount thereof from the purchase price of the cotton or otherwise, any refund under this

section shall be made to the person who actually bore the burden of the payment. If the person from whom the money was received has not been reimbursed therefor, no refund under this section shall be made to him for so much of the money received as may be necessary to cover the amount of the penalty incurred with respect to the marketing of the cotton. If the money received with respect to the farm is in excess of the total amount of the penalty incurred by the several producers in connection with the farm, the county committee and the treasurer of the county committee shall determine for each person the amount received from him which is in excess of that due as the penalty and which, insofar as the sum in excess of the penalty incurred with respect to the farm and the amounts of such excess due other producers on the farm will permit, may be certified for refund to such person. If the county committee and the treasurer of the county committee find that the money received with respect to the farm is not in excess of the total amount of the penalty incurred, no refund under this section shall be made. The total amount of any refunds under this section shall not exceed the amount by which the total collections for the farm exceed the total penalties incurred by the producers on the farm. Any determination made by the county committee and the treasurer of the county committee under the terms of this section shall not prejudice the right of any person from whom a sum of money has been received in connection with the marketing of cotton from the farm with respect to which the determination was made to file a claim with the Secretary of Agriculture in accordance with the procedure set forth in sec. 706. The county committee shall conduct any investigation or hold any hearing it deems necessary for a proper settlement of any case arising under this section.

(c) Certification of refunds.—At least one member of the county committee, acting for the committee, and the treasurer of the county committee shall certify to the State committee the amount which the county committee and the treasurer of the county committee determined may be refunded to each person with respect to the farm and forward the vouchers covering the amounts to be refunded to the secretary of the State committee, who shall cause to be certified to the Chief Disbursing Officer of the Treasury Department for payment such amounts as are approved. [Sec. 372 (b), 52 Stat. 65.]

SEC. 705. DEPOSIT OF FUNDS

All funds received by the treasurer of the county committee in connection with the marketing of cotton shall be scheduled and transmitted by him on the day received, or not later than the morning of the succeeding day, to the secretary of the State committee, who shall cause such funds to be deposited to the credit of a special deposit account with the Treasurer of the United States in the name of the Chief Disbursing Officer of the Treasury Department (herein referred to as "special deposit account"). In the event the funds so received are in the form of cash, the treasurer of the county committee shall purchase a postal money order in the amount thereof, payable to the order of the Treasurer of the United States. The expense incurred by the treasurer of the county committee in pur-

chasing postal money orders shall be paid by him in accordance with existing procedure from the funds provided for the administrative expenses of the county agricultural conservation association. The treasurer of the county committee shall make and keep a record of each amount received by him, showing the name of the person who remitted the funds, the identification of the farm or farms in connection with which the funds were received, and the names of the producer or producers who marketed the cotton in connection with which the funds were remitted. As soon as practicable after the farm marketing quota for any farm has been finally apportioned or reapportioned among the producers thereon as provided in sec. 304, the county committee and the treasurer of the county committee shall review the amount of the funds received for the farm and notify the secretary of the State committee of the amounts thereof which are penalties to be covered into the general fund of the Treasury of the United States and the amounts thereof tendered in excess of the amount due as the penalty. The secretary of the State committee shall cause to be scheduled for transfer from the special deposit account and covered into the general fund of the Treasury of the United States the amount of the penalties so determined. Whenever a treasurer of a county committee is succeeded in office, the secretary of the State committee shall cause the records and accounts of the former treasurer to be audited. [Sec. 372 (b), 52 Stat. 65.]

SEC. 706. REFUND OF PENALTIES

Whenever, pursuant to a claim filed with the Secretary of Agriculture within the time prescribed by law after payment to him of the penalty collected from any person, the Secretary of Agriculture finds that the penalty was erroneously, illegally, or wrongfully collected, he shall certify to the Secretary of the Treasury for payment to the claimant, in accordance with regulations prescribed by the Secretary of the Treasury, such amount as the Secretary of Agriculture finds the claimant is entitled to receive as a refund of all or a portion of the penalty. Any claim filed with the Secretary of Agriculture pursuant to this section shall be made in accordance with regulations prescribed by him. [Sec. 372 (c), 52 Stat. 204.]

SEC. 707. REPORT OF VIOLATIONS AND COURT PROCEEDINGS TO COLLECT PENALTY

It shall be the duty of the county committee to report in writing to the State committee forthwith each case of failure or refusal to pay the penalty or to remit the same to the Secretary of Agriculture when collected. It shall be the duty of the State committee to report each such case in writing in triplicate to the United States Department of Agriculture with a view to the institution of proceedings by the United States Attorney for the appropriate district, under the direction of the Attorney General of the United States, to collect the penalties, as provided for in section 376 of the Act. [Sec. 376, 52 Stat. 66.]

PART VIII. RECORDS AND REPORTS

SEC. 801. RECORDS TO BE KEPT AND REPORTS TO BE SUBMITTED BY GINNERS

(a) **Nature of record and report.**—Each ginner shall, in conformity with section 373 (a) of the act, keep records and make reports on forms prescribed by the Administrator, which records and reports the Secretary of Agriculture hereby finds to be necessary in order to carry out, with respect to cotton, the provisions of title III of the act. Each record and report shall show with respect to each bale or lot of cotton of the 1940 crop ginned by him: (1) The serial number of the farm on which the cotton was produced; (2) the date of ginning; (3) the name of the operator of the farm on which the cotton was produced; (4) the name of the producer of the cotton; (5) the county in which the farm on which the cotton was produced is located; (6) the gin bale number or mark; (7) the serial number of the gin ticket or receipt issued by the ginner to the producer or prepared by the ginner with respect to the bale or lot of cotton if less than a bale, and (8) the gross weight of each bale or lot of cotton if less than a bale, ginned for each producer and the nature of the bagging and ties used thereon. The ginner shall make a complete record of each transaction in which seed cotton is acquired by him by sale, barter, or exchange from any producer. The record of seed cotton so acquired shall be made on form Cotton 426, as provided in sec. 802 (m). The ginner shall require each person other than the producer for whom he gins seed cotton, or from whom the ginner acquires seed cotton, to file with the ginner the original and copy of form Cotton 426 executed with respect to the cotton in the manner provided in sec. 802 (m). The original of each form Cotton 426 executed by the ginner as the buyer or transferee of seed cotton, and the original of each form Cotton 426 executed by the buyer or transferee of seed cotton which is delivered by such buyer or transferee to the ginner for ginning or any other purpose, shall be attached to, and made a part of, the ginner's report. A copy of each such form Cotton 426 shall be retained by the ginner as a record of the transaction.

(b) **Time of making reports.**—The ginning record provided for in paragraph (a) shall be made for each period beginning with the first day of each month and ending on the fifteenth day of such month, and for each period beginning with the sixteenth day of each month and ending on the last day of such month during which any cotton from the 1940 crop is ginned by the ginner. The report for each period shall include the original of each form Cotton 426 with respect to any seed cotton acquired by him during the period from a producer or any other person, or ginned by him or delivered to him during the period for a person other than the producer, whether or not the cotton was ginned during the period. The original of the record shall be submitted to the treasurer of the county committee for the county in which the gin is located not later than 5 calendar days next succeeding the last day of the period covered by the report. A copy of such record shall be retained by the ginner.

(c) Penalty for failure or refusal to keep records or make reports.—Any ginner failing to keep any record or make any report as required by this section or making any false report or false record shall, as provided for in section 373 (a) of the act, be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500 for each such offense. [Sec. 373 (a), 52 Stat. 65.]

SEC. 802. RECORDS TO BE KEPT AND REPORTS TO BE SUBMITTED
BY BUYERS

(a) Necessity for records and reports.—Each person who buys cotton from the producers thereof shall, in conformity with section 373 (a) of the act, keep the records and make the reports prescribed by this section, which records and reports the Secretary of Agriculture hereby finds to be necessary to enable him to carry out with respect to cotton the provisions of title III of the act.

(b) Nature of and availability of records.—Each buyer shall keep, as a part of or in addition to the records maintained by him, in the conduct of his business, a record which shall show with respect to each bale, or lot of cotton if less than a bale, which is purchased by him from the producer thereof the following information: (1) The name and address of the producer from whom the cotton was purchased; (2) the date on which the cotton was purchased; (3) the original gin bale number, or, if there is no original gin bale number, the gin bale mark or other information showing the origin or source of the cotton and, in the case of cotton purchased in the seed, the number of pounds of seed cotton; (4) the number of pounds of lint cotton in each bale, or lot of cotton if less than a bale, purchased from the producer; (5) the amount of any penalty collected or remitted in connection with the cotton purchased from the producer; and (6) the serial number of the marketing card or certificate by which the cotton was identified when marketed. The record so made shall be kept available for examination and inspection by the Secretary of Agriculture, or by any authorized representative of the Secretary of Agriculture, for a period of not less than 2 calendar years beyond the calendar year in which the marketing year ends for the purpose of ascertaining the correctness of any report made or record kept pursuant to these regulations, or of obtaining the information required to be furnished in any report pursuant to these regulations, but not so furnished. The county committee shall, upon the request of any buyer, furnish to him without cost blank copies of form Cotton 420 which may be used by the buyers for the purpose of keeping the record required pursuant to this paragraph.

(c) Reports in connection with cotton not identified by marketing cards or certificates.—The buyer of cotton which is not identified when marketed in the manner provided by these regulations shall, with respect to each purchase, make a written report to the treasurer of the county committee for the county in which the cotton was produced containing the following information: (1) The name of the producer from whom the cotton was purchased; (2) the date on which the cotton was purchased; (3) the original gin bale

number, or, if there is no original gin bale number, the gin bale mark or other information showing the origin or source of the cotton; (4) the net weight of each bale, or lot of cotton if less than a bale; and (5) the amount of the penalty collected in connection with the cotton purchased. It shall be presumed that the cotton was not identified in the manner provided by these regulations if the serial number of the marketing card or certificate does not appear on the records required pursuant to paragraph (b).

(d) Reports in connection with cotton identified by forms Cotton 411-A.—The buyer of cotton which is identified when marketed by a certificate on form Cotton 411-A, as provided in sec. 602 (b), shall make a report in connection with the transaction by executing the original and postal card copy of the certificate on form Cotton 411-A and by mailing or delivering the postal card copy thereof to the treasurer of the county committee for the county in which the cotton was produced. The original of form Cotton 411-A shall be retained by the buyer.

(e) Reports in connection with cotton identified by red marketing cards.—The buyer of cotton which is identified when marketed by a red marketing card, as provided in sec. 603 (a), shall make a report in connection with the transaction by executing the accompanying certificate on form Cotton 413 in triplicate by entering thereon in the spaces provided, the following information: (1) The amount, if any, of the unused portion of the farm or producer marketing quota; (2) the amount of lint cotton purchased from the producer in the particular transaction which, in the case of baled cotton, shall be determined by deducting the weight of the bagging and ties from the gross weight and, in the case of seed cotton, shall be determined from the known or estimated amount of lint in the seed cotton; (3) that part of the farm or producer marketing quota shown on the red marketing card and not marketed previously which remains after deducting therefrom the amount of lint cotton purchased from the producer in the particular transaction, or, if no such remainder exists after the deduction, the amount of lint cotton purchased from the producer in the particular transaction which is in excess of the farm or producer marketing quota shown on the red marketing card which was not marketed previously; (4) the amount of the penalty, if any, which is due with respect to the lint cotton marketed in the particular transaction; (5) the gin bale numbers or marks of the cotton purchased in the particular transaction, or, in case cotton is purchased in the seed, the number of pounds of seed cotton followed by the words "pounds of seed cotton"; (6) the date on which the cotton was purchased; (7) the name of each producer having an interest in the cotton purchased and his share therein expressed in pounds; (8) the fact that the penalty due with respect to the lint cotton was or was not collected; (9) the State and county code number and the farm serial number; and (10) the name and address of the buyer and the producer to whom the red marketing card was issued. After the entries described above are made, the certificate on form Cotton 413 shall be signed by the buyer and producer, both of whom shall certify to the correctness of the entries. One copy of form Cotton 413 so executed shall be retained by the producer, the original thereof shall be retained by the buyer, and the buyer shall mail or deliver the copy

thereof on the postal card to the treasurer of the county committee for the county in which the cotton was produced. The buyer of cotton which is identified when marketed by the certificate on form Cotton 413, as provided in sec. 603 (b), for cases where cotton is marketed by telephone, telegraph, or mail, or by any means or method other than directly to and in the presence of the buyer, shall make a report on form Cotton 413 in connection with the transaction in every respect as provided above with the exceptions that the information to be shown thereon shall be entered by the producer and examined by the buyer and the correctness thereof certified by both of them and that the copy thereof to be retained by the producer shall not be signed by the buyer.

(f) Reports in connection with cotton identified by blue marketing cards.—The buyer of cotton which is identified when marketed by a blue marketing card, as provided in sec. 604 (a), shall make a report in connection with the transaction by executing the accompanying certificate on form Cotton 415 in triplicate by entering thereon, in the spaces provided, the following information: (1) The amount of cotton shown on the blue marketing card which was not marketed previously; (2) the amount of lint cotton purchased from the producer in the particular transaction, which, in the case of baled cotton, shall be determined by deducting the weight of the bagging and ties from the gross weight and, in the case of seed cotton, shall be determined from the known or estimated amount of lint in the seed cotton; (3) that part of the amount of cotton shown on the blue marketing card and not marketed previously which remains after deducting therefrom the amount of lint cotton purchased from the producer in the particular transaction, or, if no such remainder exists after the deduction, the amount of lint cotton purchased from the producer in the particular transaction which is in excess of the amount of cotton shown on the blue marketing card which was not marketed previously; (4) the amounts of the penalty at the rate of 2 cents per pound and at the rate of 3 cents per pound due in connection with the lint cotton marketed in the particular transaction; (5) the gin bale numbers or marks of the cotton purchased in the particular transaction, or, in case cotton is purchased in the seed, the number of pounds of seed cotton followed by the words "pounds of seed cotton"; (6) the date on which the cotton was purchased; (7) the name of each person having an interest in the cotton purchased and his share therein expressed in pounds; (8) the fact that the penalty due with respect to the lint cotton was or was not collected; (9) the State and county code number and the farm serial number; and (10) the name and address of the buyer and the producer to whom the blue marketing card was issued. After the entries described above are made, the certificate on form Cotton 415 shall be signed by the buyer and the producer, both of whom shall certify to the correctness of the entries. One copy of form Cotton 415 so executed shall be retained by the producer, the original thereof shall be retained by the buyer, and the buyer shall mail or deliver the postal card copy thereof on the card to the treasurer of the county committee for the county in which the cotton was produced. The buyer of cotton which is identified when marketed by the certificate on form Cotton 415, as provided in sec. 604 (b), for cases where

cotton is marketed by telephone, telegraph, or mail, or by any means or method other than directly to and in the presence of the buyer, shall make a report on form Cotton 415 in connection with the transaction in every respect as provided above with the exceptions that the information to be shown thereon shall be entered by the producer and examined by the buyer and the correctness thereof certified by both of them and that the copy thereof to be retained by the producer shall not be signed by the buyer.

(g) **Long staple cotton.**—The buyer of cotton the staple length of which is $1\frac{1}{2}$ inches or more in length and which is identified by a certificate on form Cotton 321 from a federally licensed cotton classifier, as provided in sec. 606, shall make a report in connection with the transaction by executing in triplicate the certificate provided for the buyer on form Cotton 321 and by retaining the original thereof, delivering a copy thereof to the producer, and mailing or delivering the postal card copy thereof to the treasurer of the county committee for the county in which the cotton was produced.

(h) **Experimental cotton.**—The buyer of cotton which is identified when marketed by a marketing certificate issued to a publicly owned agricultural experiment station with respect to cotton grown solely for experimental purposes, as provided in sec. 605, is not required to make a report in connection with the transaction, unless specifically requested to do so by the county committee in accordance with these regulations.

(i) **Receipts to producers for penalties.**—Each buyer shall, as provided in sec. 702 (b), collect from the producer the amount of the penalty incurred as required to be shown by the records and reports provided for in the foregoing paragraphs of this section, except that, in cases where the producer presents to the buyer a receipt, or receipts, describing the cotton purchased in the particular transaction, executed by the treasurer of the county committee on form Cotton 419-A, as evidence of the fact that the penalty in connection therewith was paid in advance, as provided in sec. 702 (c), the buyer shall not collect the penalty and shall show in the records and reports otherwise required of him that the penalty was not collected and retain the original of the receipt on form Cotton 419-A. In cases where the cotton is marketed directly to and in the presence of the buyer and is identified by a red marketing card or a blue marketing card, the copy of the executed form Cotton 413 or form Cotton 415 retained by the producer shall be the receipt from the buyer to the producer for the penalty collected. In all other cases where a penalty is required to be collected by the buyer, the buyer shall execute and deliver to the producer a receipt for the penalty which is acceptable to the producer and which recites the details of the transaction. The buyer shall report the giving of each such receipt to the producer by forwarding a copy of the receipt to the treasurer of the county committee.

(j) **Time for submitting reports.**—Each report required by the foregoing provisions of this section shall be submitted not later than 15 calendar days next succeeding the day on which the cotton covered thereby was marketed.

(k) **Buyer's special reports.**—In the event the county committee, or the State committee, has reason to believe that any buyer failed

or refused to collect or to remit the penalty required to be collected by him on any cotton which he purchased, or otherwise in any manner failed or refused to comply with these regulations, the buyer shall, upon the request of such committee and within 15 days after written notice thereof is deposited in the United States mails, registered and addressed to him at his last-known address by such committee, make a report verified as true and correct by affidavit on form Cotton 420 to such committee on all the cotton which he purchased during the marketing year up to and including the day of the filing of such report. Such report shall include for each bale, or lot of cotton if less than a bale, purchased during such time by such buyer the following information: (1) The name and address of the producer from whom the cotton was purchased; (2) the date on which the cotton was purchased; (3) the original gin bale number, or, if there is no original gin bale number, the gin bale mark or other information showing the origin or source of the cotton and, in the case of cotton purchased in the seed, the number of pounds of seed cotton; (4) the number of pounds of lint cotton in each bale, or lot of cotton if less than a bale, purchased from the producer; (5) a statement as to whether the buyer collected the penalty with respect to the marketing of the bale or lot of cotton; (6) the amount of any penalty; and (7) the serial number of the marketing card or certificate by which the cotton was identified when marketed.

(l) Manner of submitting reports.—The treasurer of the county committee for the county in which the cotton covered by the report was produced, or his successor in office, is hereby authorized and empowered to receive, for and on behalf of the Secretary of Agriculture, each report required pursuant to this section. Each report shall be delivered directly to the said treasurer or addressed to him and deposited in the United States mails.

(m) Reports of seed cotton.—Each person who buys or receives any seed cotton shall report to the treasurer of the county committee in the following manner the following information and keep the following records on form Cotton 426 with respect to all seed cotton of the 1940 crop acquired by him: (1) The serial number of the farm on which the cotton was produced; (2) the serial number of the marketing card or certificate by which the cotton was identified when marketed; (3) the name of the operator of the farm on which the cotton was produced; (4) the name of each producer having an interest in the cotton and his share therein; (5) the county in which the cotton was produced; (6) the number of pounds of seed cotton; (7) the estimated or known amount of lint cotton; and (8) the date on which the seed cotton was marketed. The report on form Cotton 426 shall be prepared in triplicate and one copy shall be retained by the person acquiring the cotton and the original and one copy shall be delivered to the ginner at the time the cotton is ginned. The report on form Cotton 426 shall be in addition to any other report which is required pursuant to the provisions of these regulations.

(n) Penalty for failure or refusal to keep records or make reports.—Any person engaged in the business of purchasing cotton from producers who fails to keep any record or make any report as required by this section or who makes any false report or false record shall, as provided for in Section 373 (a) of the Act, be deemed guilty

of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.00 for each such offense. [Sec. 373 (a), 52 Stat. 65.]

SEC. 803. RECORDS TO BE KEPT AND REPORTS TO BE SUBMITTED BY TRANSFEREES

Each transferee who acquires cotton from the producer thereof shall keep the same records and make the same reports which are required to be kept and made by buyers pursuant to sec. 802, with the exception of the buyer's special report pursuant to paragraph (k) thereof, in every case in which the penalty is collected by the transferee, as provided for in sec. 702 (b), or in which any cotton in the seed is acquired, and in every other case shall execute the applicable certificates which are necessary to enable the producer to keep the records and make the reports required of him pursuant to sec. 805. [Sec. 375 (b), 52 Stat. 66.]

SEC. 804. RECORDS TO BE KEPT BY WAREHOUSEMEN AND OTHERS

Each warehouseman, processor, compressor, common carrier, and other person, as defined in section 373 (a) of the act, who buys, stores, compresses, transports as a common carrier, or otherwise deals with cotton from, for, or on behalf of the producer thereof shall make available, for examination and inspection by the Secretary of Agriculture, or by any authorized representatives of the Secretary of Agriculture, the records kept in his business concerning such cotton for the purpose of ascertaining the correctness of any report made or record kept pursuant to these regulations, or of obtaining the information required to be furnished in any report pursuant to these regulations, but not so furnished. The Secretary of Agriculture, in conformity with section 373 (a) of the act, hereby finds the records to be necessary to enable him to carry out for cotton the provisions of title III of the act. [Sec. 373 (a), 52 Stat. 65.]

SEC. 805. RECORDS TO BE KEPT AND REPORTS TO BE SUBMITTED BY PRODUCERS

(a) Necessity for records and reports.—Each person who produces in 1940, or who produced in any previous year, cotton which is subject to the provisions of these regulations shall, in conformity with section 373 (b) of the act, keep the records and make the reports prescribed by this section, which records and reports the Secretary of Agriculture hereby finds to be necessary to enable him to carry out for cotton the provisions of title III of the act.

(b) Farms for which white marketing cards are issued.—The operator of each farm for which white marketing cards are issued pursuant to sec. 501 shall keep a record of the total amount of cotton produced on the farm in 1940 and shall, within 15 calendar days after all cotton produced thereon in 1940 is harvested, make a report on form Cotton 422 to the treasurer of the county committee of the following information: (1) The number of bales of cotton

ginned; (2) the gross weight of the bales of cotton ginned; (3) the name and address of each ginner who ginned the cotton and the number of and gross weight of the bales ginned by him; (4) the number of pounds of seed cotton marketed; and (5) the name and address of each person to whom the seed cotton was marketed and the amount thereof marketed to him. The operator of each farm for which white marketing cards are issued under any provisions of these regulations, other than sec. 501, shall keep a record and make the report required pursuant to paragraph (d). A record and report of the cotton marketed in connection with a farm for which white marketing cards were issued shall not otherwise be required unless requested by the county committee, as provided in paragraph (d), or unless the cotton marketed is identified by a certificate on form Cotton 411-A, as provided in sec. 602 (b), in which latter event the producer marketing the cotton shall execute the certificate on form Cotton 411-A in the manner provided therein, retain a copy thereof as a record of the transaction, and forward the original and postal card copy thereof to the buyer or transferee to enable him to keep the record and make the report required pursuant to sec. 802 (d) or sec. 803, as the case may be.

(c) Farms for which red or blue marketing cards are issued.—Each producer to whom a red marketing card or a blue marketing card, or both, is issued shall keep the following records and make the following reports in connection with all cotton marketed by him:

(1) Cotton marketed by sale.—The producer shall, as provided in secs. 603 and 604, in each case where cotton is marketed by sale to any person within the United States, identify the cotton to the buyer with the red marketing card, or the blue marketing card, issued in connection therewith and the applicable certificate on either form Cotton 413 or form Cotton 415 and shall execute such certificate in the manner provided therein to enable the buyer of the cotton to keep the record and make the report required of the buyer pursuant to paragraphs (e) and (f) of sec. 802. A copy of each certificate so executed on form Cotton 413 or form Cotton 415 shall be retained by the producer as a record of the transaction.

(2) Cotton marketed by barter or exchange.—The producer shall, as provided in secs. 603 and 604, in each case where cotton is marketed by barter or exchange, identify the cotton to the transferee with the red marketing card, or blue marketing card, issued in connection therewith and the applicable certificate on either form Cotton 413 or form Cotton 415 and shall execute such certificate with the transferee in the manner provided therein. The original of such certificate shall be delivered to or retained by the transferee. A copy of such certificate shall be retained by the producer as a record of the transaction. The remaining copy which is addressed to the treasurer of the county committee shall be mailed or delivered by the producer to the treasurer of the county committee, except that, if the penalty is collected by the transferee, the remaining copy shall be delivered to or retained by the transferee to be transmitted to the treasurer of the county committee as provided in sec. 803. Each report required by this subparagraph shall be submitted by the producer to the treasurer of the county committee not later than 15 calendar days next succeeding the day on which the cotton covered thereby was marketed.

(3) Cotton marketed to persons not within the United States.—The producer shall execute the certificate on form Cotton 413 in the manner outlined in sec. 802 (e) or the certificate on form Cotton 415 in the manner outlined in sec. 802 (f), as the case requires, in each case where cotton is marketed to any person not within the United States, and shall indicate in the space provided thereon for the signature of the buyer or transferee that the buyer or transferee is a person not within the United States. The producer shall retain one

copy of each certificate so executed and the original and the postal card copy thereof addressed to the treasurer of the county committee shall be forwarded to such treasurer not later than 15 calendar days next succeeding the day on which the cotton was marketed.

(4) **Long staple cotton.**—The producer shall not use the red or blue marketing card issued to him in any case where cotton the staple of which is $1\frac{1}{2}$ inches or more in length is marketed but shall, as provided in sec. 606, identify the cotton by the certificate of a federally licensed cotton classifier on form Cotton 321 and keep a record thereof by retaining one executed copy of the certificate and make a report thereon, in the case of a marketing by sale, by delivering the executed original and postal card copy to the buyer to enable him to make the report pursuant to sec. 802 (g), or, in the case of a marketing by barter or exchange, by delivering the executed original to the transferee and by mailing the executed postal card copy to the treasurer of the county committee not later than 15 calendar days next succeeding the day on which the cotton was marketed.

(d) **Farm operator's report.**—The operator of each overplanted farm, or of each farm in connection with which any producer has carry-over penalty cotton, or of each farm for which red marketing cards are issued to or for the producers thereon, or of each farm on which the marketing cards or certificates prepared for issuance to or for the producers thereon were not accepted or used in identifying cotton as provided in these regulations, or, upon request of the county committee, the operator of any other farm shall file with the treasurer of the county committee, not later than 15 calendar days after all cotton in connection with the farm was marketed or not later than March 1, 1941, whichever is the earlier, a report on form Cotton 417 showing for the farm and for each producer thereon and for each other person who marketed cotton in connection therewith the following information: (1) The total number of pounds of lint cotton produced and ginned in 1940 by each producer on the farm; (2) the total number of pounds of carry-over penalty free cotton and carry-over penalty cotton on hand at the beginning of the marketing year and the amount thereof, if any, pledged to secure a Commodity Credit Corporation loan; (3) the total amount of cotton marketed in the seed; (4) the amount of cotton marketed prior to the date of submitting the report; (5) the amount of penalty paid or collected by the buyer; (6) the amount of unmarketed cotton on hand at the time of submitting the report; (7) the name and address of each buyer and transferee of such cotton and the amount thereof marketed to him; and (8) the name and address of each ginner who ginned such cotton and the number of and net weight of the bales ginned by him. In the event the total amount of cotton in connection with the farm was not marketed prior to March 1, 1941, the report shall be known as a preliminary report and the operator shall thereafter make an additional report to the county committee on form Cotton 417 of the information specified in this paragraph within 15 calendar days after all cotton in connection with the farm is marketed or not later than August 1, 1941, whichever is the earlier.

(e) **Manner of submitting reports.**—The treasurer of the county committee for the county in which the cotton covered by the report was produced, or his successor in office, is hereby authorized and empowered to receive, for and on behalf of the Secretary of Agriculture, each report required pursuant to this section. Each report shall be delivered directly to the said treasurer or addressed to him and deposited in the United States mails. [Sec. 375 (b), 52 Stat. 66.]

SEC. 806. DATA TO BE KEPT CONFIDENTIAL

Except as otherwise provided herein, all data reported to or acquired by the Secretary of Agriculture pursuant to and in the manner provided in these regulations shall be kept confidential by all officers and employees of the United States Department of Agriculture, members of county committees, other local committees, and State committees, county agents, and the employees of such committees and county agents' offices, and shall not be disclosed to anyone not having an interest in or responsibility for any cotton, farm, or transaction covered by the particular data, record, information, report, or form and only such data so reported or acquired as the Secretary of Agriculture deems relevant shall be disclosed by them to anyone not having such an interest or not being employed in the administration of the act and then only in a suit or administrative hearing under title III of the act. [Sec. 373 (c), 52 Stat. 65.]

SEC. 807. ENFORCEMENT

It shall be the duty of the county committee to report in writing to the State committee forthwith each case of failure or refusal to make any report or keep any record as required by these regulations and each case of making any false report or record. It shall be the duty of the State committee to report each such case in writing, in triplicate, to the United States Department of Agriculture with a view to the institution of proceedings by the United States Attorney for the appropriate district, under the direction of the Attorney General of the United States, to enforce the provisions of title III of the act. [Sec. 376, 52 Stat. 66.]

PART IX. SPECIAL PROVISIONS AND EXEMPTIONS

SEC. 901. SECURING PAYMENT OF THE PENALTIES UPON REQUEST

(a) Methods of securing the penalty.—The county committee may, upon request of the owner or operator of any overplanted farm or any farm on which a producer has carry-over penalty cotton, estimate the amount of the penalty which may become due with respect to the marketing of cotton in excess of the farm marketing quota for the farm and the penalty with respect to the marketing of such cotton may be paid as provided for in paragraph (e), provided, that either (1) a good and sufficient bond of indemnity on form Cotton 423 is executed and filed with the treasurer of the county committee in an amount equal to not less than the amount of the estimated penalty for which the producers having an interest in the cotton in connection with the farm would otherwise be liable, or (2) an amount of money not less than the amount of such estimated penalty is deposited with the Treasurer of the United States to be held in escrow to secure the payment of any penalty which might accrue. A bond of indemnity or funds to be held in escrow shall not be accepted for any farm for which it is estimated that the penalty will not accrue nor for any farm where red marketing cards are issued, as provided in sec. 501 (b), to enforce the provisions of the

act, nor where red marketing cards are issued, as provided in sec. 902 (b), in connection with long staple cotton. In any case where the State committee finds that there is reasonable ground to believe that the furnishing of a bond of indemnity or funds to be held in escrow will be used as a device to evade the collection of penalties, no such bond or funds to be held in escrow shall be accepted.

(b) Execution of bond.—Any bond filed pursuant to paragraph (a) shall be made on form Cotton 423 and executed as principal by the owner or operator of the farm for and on behalf of each producer on such farm and as sureties by two owners of real property (other than such owner or operator or producers) situated within the county, and unencumbered to the extent of the principal sum of the bond of indemnity, and shall contain the condition that so much of the principal sum of such bond as is equal to the penalty incurred shall be forthwith paid to the Secretary of Agriculture upon the proof that the penalty secured thereby or any part or amount thereof was not paid as provided for in paragraph (e). The county committee shall examine the bond and, if it finds such bond to be good and sufficient and in proper form and otherwise acceptable, the same shall be marked "Approved" and signed by a member of the committee acting for the committee and the bond shall be delivered to the treasurer of the county committee for safekeeping.

(c) Placing funds in escrow.—Any funds delivered by the owner or operator of the farm to be held in escrow to secure the payment of the penalty shall be only in legal tender or in the form of a cashier's check or money order drawn payable to the order of the *Treasurer of the United States* and shall be deposited as provided for in sec. 705. The treasurer of the county committee shall issue a receipt therefor on form Cotton 419 to the person who tenders them to be held in escrow. Such funds shall be received subject to payment and collection at par.

(d) Estimating the penalty secured and amount of bond or funds in escrow.—In estimating the production of cotton for any farm under this section, the county committee shall take into consideration the appraised yield of the cotton crop and the number of acres planted to cotton on the farm and the amount of carry-over cotton in connection with the farm which shall be determined by a representative of the county committee by an actual inspection of the cotton or an examination of warehouse receipts or loan agreements. Such estimate shall be made after bolls are formed on the cotton plants for which the estimate is made. The number of pounds of lint cotton estimated to be produced on the farm in excess of the farm marketing quota shall be the amount by which the total estimated production of lint cotton in 1940 on the farm is in excess of the normal production of the farm acreage allotment established for the farm. Any bond or funds to be held in escrow pursuant to the foregoing provisions of this section shall be in an amount not less than the sum of the following: (1) The amount determined by multiplying 3 cents by the number of pounds so estimated to be produced in excess of the farm marketing quota, and (2) the amount determined by multiplying 2 cents by the number of pounds of carry-over penalty cotton which, if marketed during the 1939-40 marketing year, would have been marketed subject to the penalty of 2 cents

per pound, and (3) the amount determined by multiplying 3 cents by the number of pounds of carry-over penalty cotton which, if marketed during the 1939-40 marketing year, would have been marketed subject to the penalty of 3 cents per pound. If the farm is an underplanted farm, only the carry-over penalty cotton shall be considered in estimating the penalty.

(e) Payment of penalty.—The penalty shall be due at the time cotton is marketed in excess of the farm or producer marketing quota and shall be remitted to the treasurer of the county committee as otherwise provided in these regulations at the time the farm operator's report on form Cotton 417 for the farm is required to be submitted, as provided in sec. 805 (d), and no extension or qualification of the time for paying the penalty shall be made or allowed by any officers or employees of the United States Department of Agriculture, members of county committees, other local committees, or State committees, county agents, or employees of such committees or of county agents' offices. If funds are held in escrow to secure payment of the penalty, the penalty shall be paid by the use of such funds or, in the event such funds are not sufficient to cover the amount of the penalty incurred, the producer or producers who incurred the penalty shall pay a sufficient additional amount. Any part of the funds held in escrow in excess of the penalty incurred during the marketing year shall be returned to the person depositing them in accordance with sec. 704.

(f) Multiple farms.—If a producer is engaged in the production of cotton on more than one farm in the county in 1940, the county committee shall not accept funds to be placed in escrow or a bond to secure payment of the penalty under this section from or on behalf of such producer for any one of the farms unless funds to be held in escrow or a bond of indemnity is offered and accepted with respect to each such farm for which the penalty may become due.

(g) Apportionment of farm marketing quota.—The provisions of this section shall have no effect on the apportionment of the farm marketing quota for a farm among producers as provided for in sec. 304.

(h) Issuing white marketing cards.—A bond of indemnity or funds to be held in escrow shall not be accepted for any farm unless and until all producers on the farm, including the farm operator, agree, as evidenced by form Cotton 424, that the marketing card for the farm shall be issued to the farm operator in trust for all producers on the farm. If form Cotton 424 is properly executed and the bond or funds to be held in escrow are accepted for the farm, the county committee shall issue to the farm operator for and on behalf of all producers on the farm a white marketing card in the manner provided in sec. 501 with the exception that the words "Penalty Secured" shall be endorsed in bold characters across the face of the white marketing card so issued. The county committee shall not issue a white marketing card under this paragraph to the operator unless and until all marketing cards previously issued in respect to the farm have been returned to and cancelled by the county committee by endorsing thereon in bold characters the notation "Canceled." Any marketing card issued pur-

suant to this paragraph shall be issued upon the condition that any producer on the farm to or for whom it is issued shall nevertheless be subject to the penalty with respect to the marketing of cotton in excess of the farm marketing quota for the farm. Any marketing card issued pursuant to this paragraph shall be used in the same manner and to the same extent that white marketing cards issued pursuant to other provisions of these regulations are used. [Secs. 372 and 375 (b), 52 Stat. 65 and 66.]

SEC. 902. LONG STAPLE COTTON

(a) Penalties.—The penalty provided in section 348 of the act shall not apply to the marketing of cotton the staple of which is $1\frac{1}{2}$ inches or more in length. Cotton produced from seed of a pure strain of Sea Island or American-Egyptian cotton shall be presumed to be cotton the staple of which is $1\frac{1}{2}$ inches or more in length if produced in an area designated by the Agricultural Adjustment Administration as an area in which the production of such cotton is an established business and in which ginning facilities designed specifically for the ginning of long staple cotton are readily accessible to the producers thereof. Any other cotton shall be presumed to be cotton the staple of which is less than $1\frac{1}{2}$ inches in length unless and until the producer obtains a certification by a federally licensed cotton classifier that such cotton has a staple of $1\frac{1}{2}$ inches or more in length.

(b) Issuing marketing cards and certificates.—The county committee shall, in areas designated by the Agricultural Adjustment Administration as provided in paragraph (a), issue to or for the producers on a farm on which Sea Island or American-Egyptian cotton is produced white marketing cards, in the manner provided in sec. 501, as evidence that the producers on the farm may market without penalty all cotton produced thereon in 1940 or in any prior year. A white marketing card shall not be issued to or for the producers on any farm in an area so designated if the acreage on the farm planted in 1940 to any other varieties of cotton is in excess of the farm acreage allotment therefor or any producer on the farm has carry-over penalty cotton. In areas not so designated, white marketing cards shall likewise be issued if the acreage on the farm planted in 1940 to all varieties of cotton, including Sea Island or American-Egyptian cotton, is not in excess of the farm acreage allotment therefor and no producer on the farm has carry-over penalty cotton. In areas not so designated, red marketing cards and blue marketing cards shall be issued by the county committee to each producer as provided in these regulations if the acreage on the farm planted in 1940 to any varieties of cotton, including Sea Island or American-Egyptian cotton, is in excess of the farm acreage allotment therefor or if any producer thereon has carry-over penalty cotton.

(c) Identification of long staple cotton.—A white marketing card or a red marketing card or a blue marketing card issued with respect to any farm on which long staple cotton is produced shall be used to identify the cotton produced on the farm at the time the cotton is marketed as otherwise provided in these regulations with

the exception that, if a red marketing card or a blue marketing card was issued with respect to the farm, any long staple cotton produced thereon shall, when marketed, be identified by the producer to the buyer or transferee as provided in sec. 606 by a certificate executed in triplicate on form Cotton 321 from a federally licensed cotton classifier to the effect that such cotton has a staple of $1\frac{1}{2}$ inches or more in length. Notwithstanding the fact that a white marketing card has been issued with respect to cotton produced from seed of a pure strain of Sea Island or American-Egyptian cotton in areas designated by the Agricultural Adjustment Administration, such cotton shall nevertheless be subject to the penalty provided for in sec. 348 of the act if it is determined that such cotton has in fact a staple of less than $1\frac{1}{2}$ inches in length and is marketed in excess of the farm or producer marketing quota for the farm on which it was produced. [Secs. 350 and 375, 52 Stat. 60 and 66.]

SEC. 903. FARMS PRODUCING 1,000 POUNDS OR LESS OF LINT COTTON

(a) Penalties.—The penalty shall not apply to cotton produced in 1940 on a farm for which a farm acreage allotment was established which is marketed in excess of the farm marketing quota for the farm if the total production of lint cotton thereon in 1940 does not exceed 1,000 pounds. [Sec. 346 (b), 52 Stat. 59.]

(b) Issuing marketing cards.—The county committee shall issue white marketing cards or red marketing cards or blue marketing cards as otherwise provided in these regulations to or for the producers on a farm prior to the time it is determined that the total production in 1940 of the acreage planted to cotton thereon does not exceed 1,000 pounds of lint cotton, except that, the county committee may, upon request, issue to any producer on an overplanted farm a white marketing card as evidence of the fact that, notwithstanding the amount of the marketing quota for the farm, there may be marketed, without regard to the manner prescribed in sec. 702 and sec. 703 for the payment, collection, and remittance of penalties, the entire amount of the cotton produced on the farm in 1940, plus the amount of cotton from any previous crop which the producers thereon have on hand, if the county committee finds (1) that the actual production or the estimated production in 1940 on the entire farm does not exceed 1,000 pounds of lint cotton, and (2) that no producer on the farm has carry-over penalty cotton, and (3) that a farm acreage allotment was established for 1940 for the farm, and (4) that any marketing card or cards previously issued with respect to such farm have been returned to and canceled by the county committee by endorsing thereon in bold characters the notation "Canceled." A white marketing card so issued shall show information comparable to that provided to be shown on a white marketing card issued under sec. 501, except that the words "One Thousand Pounds" shall be endorsed in bold characters across its face. Any white marketing card so issued shall be issued upon the condition that any producer to or for whom it is issued shall nevertheless be subject to the penalty with respect to the marketing of cotton in excess of the farm marketing quota for the farm if the total production in 1940 of the farm exceeds 1,000 pounds of lint cotton. [Sec. 375 (a), 52 Stat. 66.]

SEC. 904. COTTON MARKETING BY PUBLICLY OWNED AGRICULTURAL
EXPERIMENT STATIONS

(a) Penalties.—Except as set forth in Sec. 902 and Sec. 903, the penalty shall apply to any cotton grown by any publicly owned agricultural experiment station which is not grown solely for experimental purposes. The penalty shall not apply to the marketing of any cotton grown for experimental purposes only by any publicly owned agricultural experiment station. [Sec. 372 (d), 52 Stat. 204.]

(b) Issuing marketing certificates.—Upon request of a responsible executive officer of any publicly owned agricultural experiment station, the State committee shall issue to such experiment station, for cotton which is grown solely for experimental purposes by it, a certificate, signed by the chairman or secretary of the State committee, evidencing the fact that the marketing of such cotton is not subject to the penalty. Such request shall be made in writing and shall show: (1) The name and address of the experiment station; (2) the location of the land on which such cotton was or is being produced; (3) the number of acres planted to cotton on such experiment station in 1940 for experimental purposes only and a brief statement of the nature of the experiment being conducted; and (4) the number of acres planted to cotton for other purposes. [Sec. 375 (a), 52 Stat. 66.]

APPENDIX

APPLICABLE PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

There are set forth hereinafter the provisions of the Agricultural Adjustment Act of 1938, as Amended (Public Law No. 430, 75th Congress, approved February 16, 1938, 52 Stat. 31) which are implemented by the foregoing "Regulations pertaining to Cotton Marketing Quotas for the 1940-1941 Marketing Year" (Cotton 407).

DEFINITIONS

SEC. 301. (a) General definitions.—For the purposes of this title and the declaration of policy—

(1) "Parity", as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. The base period in the case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914, and, in the case of tobacco, shall be the period August 1919 to July 1929.

(2) "Parity", as applied to income, shall be that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed during the period from August 1909 to July 1914.

(3) The term "interstate and foreign commerce" means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof; or between points within the same State or Territory or within the District of Columbia or Puerto Rico, through any place outside thereof; or within any Territory or within the District of Columbia or Puerto Rico.

(4) The term "affect interstate and foreign commerce" means, among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof; or to create or tend to create a surplus of any agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

(5) The term "United States" means the several States and Territories and the District of Columbia and Puerto Rico.

(6) The term "State" includes a Territory and the District of Columbia and Puerto Rico.

(7) The term "Secretary" means the Secretary of Agriculture, and the term "Department" means the Department of Agriculture.

(8) The term "person" means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or any agency of a State.

(b) Definitions applicable to one or more commodities.—For the purposes of this title—

(1) (B) "Actual production" of any number of acres of cotton on a farm means the actual average yield for the farm times such number of acres.

(3) (B) "Carry-over" of cotton for any marketing year shall be the quantity of cotton on hand either within or without the United States at the beginning of such marketing year, which was produced in the United States prior to the beginning of the calendar year then current.

(6) (A) "Market," in the case of cotton, wheat, and tobacco, means to dispose of by sale, barter, or exchange, but, in the case of wheat, does not include disposing of wheat as premium to the Federal Crop Insurance Corporation under Title V.

(D) "Marketed," "marketing," and "for market" shall have corresponding meanings to the term "market" in the connection in which they are used.

(7) "Marketing year" means, in the case of the following commodities, the period beginning on the first and ending with the second date specified below:

Corn, October 1-September 30;

Cotton, August 1-July 31;

Rice, August 1-July 31;

Tobacco (flue-cured), July 1-June 30;

Tobacco (other than flue-cured), October 1-September 30;

Wheat, July 1-June 30.

(8) "National average yield" as applied to cotton or wheat shall be the national average yield per acre of the commodity during the ten calendar years in the case of wheat, and during the five calendar years in the case of cotton, preceding the year in which such national average yield is used in any computation authorized in this title, adjusted for abnormal weather conditions and, in the case of wheat, but not in the case of cotton, for trends in yields.

(9) "Normal production" as applied to any number of acres of corn, cotton, or wheat means the normal yield for the farm times such number of acres.

(10) (A) "Normal supply" in the case of corn, cotton, rice, and wheat shall be a normal year's domestic consumption and exports of the commodity, plus 7 per centum in the case of corn, 40 per centum in the case of cotton, 10 per centum in the case of rice, and 15 per centum in the case of wheat, of a normal year's domestic consumption and exports, as an allowance for a normal carry-over.

(11) (B) "Normal year's domestic consumption," in the case of cotton and tobacco, shall be the yearly average quantity of the commodity produced in the United States that was consumed in the United States during the ten marketing years immediately preceding the marketing year in which such consumption is determined, adjusted for current trends in such consumption.

(12) "Normal year's exports" in the case of corn, cotton, rice, tobacco, and wheat shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the ten marketing years (or, in the case of rice, the five marketing years) immediately preceding the marketing year in which such exports are determined, adjusted for current trends in such exports.

(13) (B) "Normal yield" for any county, in the case of wheat or cotton, shall be the average yield per acre of wheat or cotton for the county adjusted for abnormal weather conditions, and, in the case of wheat but not in the case of cotton, for trends in yields, during the ten calendar years in the case of wheat, and five calendar years in the case of cotton, immediately preceding the year with respect to which such normal yield is used in any computation authorized under this title.

(C) In applying subparagraph (A) or (B), if for any such year the data are not available, or there is no actual yield, an appraised yield for such year, determined in accordance with regulations issued by the Secretary, shall be used as the actual yield for such year. In applying such subparagraphs, if, on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield in any year of such ten-year period or five-year period, as the case may be, is less than 75 per centum of the average (computed without regard to such year) such year shall be eliminated in calculating the normal yield per acre.

(E) "Normal yield" for any farm, in the case of corn, wheat, or cotton, shall be the average yield per acre of corn, wheat, or cotton, as the case may be, for the farm, adjusted for abnormal weather conditions and, in the case of corn and wheat, but not in the case of cotton, for trends in yields, during the ten calendar years in the case of corn and wheat, and five calendar years in the case of cotton, immediately preceding the year with respect to which such normal yield is used in any computation authorized under this title. If for any such year the data are not available or there is no actual yield, then the normal yield for the farm shall be appraised in accordance with regulations of the Secretary, taking into consideration abnormal weather conditions, the normal yield for the county, and the yield in years for which data are available.

* * * * *

(16) (A) "Total supply" of corn, cotton, rice, and wheat for any marketing year shall be the carry-over of the commodity for such marketing year plus the estimated production of the commodity in the United States during the calendar year in which such marketing year begins.

* * * * *

(c) The latest available statistics of the Federal Government shall be used by the Secretary in making the determinations required to be made by the Secretary under this Act.

MARKETING QUOTAS—COTTON

LEGISLATIVE FINDINGS

SEC. 341. American cotton is a basic source of clothing and industrial products used by every person in the United States and by substantial numbers of people in foreign countries. American cotton is sold on a world-wide market and moves from the places of production almost entirely in interstate and foreign commerce to processing establishments located throughout the world at places outside the State where the cotton is produced.

Fluctuations in supplies of cotton and the marketing of excessive supplies of cotton in interstate and foreign commerce disrupt the orderly marketing of cotton in such commerce with consequent injury to and destruction of such commerce. Excessive supplies of cotton directly and materially affect the volume of cotton moving in interstate and foreign commerce and cause disparity in prices of cotton and industrial products moving in interstate and foreign commerce with consequent diminution of the volume of such commerce in industrial products.

The conditions affecting the production and marketing of cotton are such that, without Federal assistance, farmers, individually or in cooperation, cannot effectively prevent the recurrence of excessive supplies of cotton and fluctuations in supplies, cannot prevent indiscriminate dumping of excessive supplies on the Nation-wide and foreign markets, cannot maintain normal carry-overs of cotton, and cannot provide for the orderly marketing of cotton in interstate and foreign commerce.

It is in the interest of the general welfare that interstate and foreign commerce in cotton be protected from the burdens caused by the marketing of excessive supplies of cotton in such commerce, that a supply of cotton be maintained which is adequate to meet domestic consumption and export requirements in years of drought, flood, and other adverse conditions as well as in years of plenty, and that the soil resources of the nation be not wasted in the production of excessive supplies of cotton.

The provisions of this Part affording a cooperative plan to cotton producers are necessary and appropriate to prevent the burdens of interstate and foreign commerce caused by the marketing in such commerce of excessive supplies, and to promote, foster, and maintain an orderly flow of an adequate supply of cotton in such commerce.

FINDING AND PROCLAMATION OF SUPPLIES, AND SO FORTH

SEC. 342. Not later than November 15 of each year the Secretary shall find and proclaim (a) the total supply, the normal supply, and the carry-over of cotton as of August 1 of such year, (b) the probable domestic consumption of American cotton during the marketing year commencing August 1 of such year, (c) the probable exports of American cotton during such marketing year, and

(d) the estimated carry-over of cotton as of the next succeeding August 1. For the marketing year 1937-1938 the Secretary shall make all the findings and proclamations provided for in this section not later than ten days after the date of the enactment of this Act.

AMOUNT OF NATIONAL ALLOTMENT

SEC. 343. (a) Not later than November 15 of each year the Secretary shall find and proclaim the amount of the national allotment of cotton for the succeeding calendar year in terms of standard bales of five hundred pounds gross weight. The national allotment shall be the number of bales of cotton adequate, together with the estimated carry-over as of August 1 of such succeeding calendar year, to make available a supply of cotton, for the marketing year beginning on such August 1, equal to the normal supply. The finding and proclamation of the national allotment for the calendar year 1938 shall be made not later than ten days after the date of the enactment of this Act.

(b) If the national allotment for 1938 or 1939 is determined to be less than ten million bales, the national allotment for such year shall be ten million bales for such year, as the case may be. If the national allotment for 1938 or 1939 is determined to be more than eleven million five hundred thousand bales, it shall be eleven million five hundred thousand bales for such year, as the case may be. The national allotment for any year (after 1939) shall be not less than ten million bales.

(c) Notwithstanding the foregoing provisions of this section, the national allotment for any year shall be increased by a number of bales equal to the production of the acres allotted under section 344 (e) for such year.

APPORTIONMENT OF NATIONAL ALLOTMENT

SEC. 344. (a) The national allotment for cotton for each year (excluding that portion of the national allotment provided for in section 343 (c), shall be apportioned by the Secretary among the several States on the basis of the average for the five years preceding the year in which the national allotment is determined, of the normal production of cotton in each State. The normal production of a State for a year shall be (1) the quantity produced therein plus (2) the normal yield of the acres diverted in each county in the State under the previous agricultural adjustment or conservation programs. The normal yield of the acres diverted in any county in any year shall be the average yield per acre of the planted acres in such county in such year times the number of acres diverted in such county in such year.

(b) The Secretary shall ascertain, on the basis of the average yield per acre in each State, a number of acres in such State which will produce a number of bales equal to the allotment made to the State under subsection (a). Such number of acres plus the number of acres allotted to the State pursuant to subsection (e) (2) is referred to as the "State acreage allotment." The average yield per acre for any State shall be determined on the basis of the average of the normal production for the State for the years used in computing the allotment to the State, and the average, for the same period, of the acres planted and the acres diverted in the State.

(c) (1) The State acreage allotment (less the amount required for apportionment under paragraph (2)) shall be apportioned annually by the Secretary to the counties in the State. The apportionment to the counties shall be made on the basis of the acreage planted to cotton during the five calendar years immediately preceding the calendar year in which the State allotment is apportioned (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during such five-year period.

(2) Not more than 2 per centum of the State acreage allotment shall be apportioned to farms in such State which were not used for cotton production during any of the three calendar years immediately preceding the year for which the allotment is made, on the basis of land, labor, and equipment available for the production of cotton; crop rotation practices; and the soil and other physical facilities affecting the production of cotton.

(d) The allotment apportioned to the county under subsection (c) (1), plus any amount allotted to the county under subsection (e), shall be apportioned

by the Secretary through the local committees, among the farms within the county on the following basis:

(1) To each farm on which cotton has been planted during any of the previous three years there shall be allotted the smaller of the following—

(A) Five acres; or

(B) The highest number of acres planted to cotton (plus the acres diverted from the production of cotton under the agricultural adjustment or conservation programs) in any year of such three-year period;

(2) Not more than 3 per centum of the amount remaining, after making the allotments provided for under paragraph (1), shall be allotted, upon such basis as the Secretary deems fair and equitable, to farms (other than farms to which an allotment has been made under paragraph (1) (B)) to which an allotment of not exceeding fifteen acres may be made under other provisions of this subsection; and

(3) The remainder of the total amount available to the county shall be allotted to farms on which cotton has been planted during any of the previous three years (except farms to which an allotment has been made under paragraph (1) (B)). The allotment to each farm under this paragraph, together with the amount of the allotment to such farm under paragraph (1) (A), shall be a prescribed percentage (which percentage shall be the same for all such farms in the county or administrative area) of the acreage, during the preceding year, on the farm which is tilled annually or in regular rotation, excluding from such acreage the acres devoted to the production of sugarcane for sugar, wheat, tobacco, or rice for market or wheat or rice for feeding to livestock for market: *Provided, however*, That if a farm would be allotted under this paragraph an acreage, together with the amount of the allotment to such farm under paragraph (1) (A), in excess of the largest acreage planted to cotton plus the acreage diverted from the production of cotton under the agricultural adjustment or conservation program during any of the preceding three years, the acreage allotment for such farm shall not exceed such largest acreage so planted and diverted in any such year.

(e) (1) For 1938 and 1939 and any subsequent year, the Secretary shall allot to the several counties, to which an apportionment is made under subsection (c), a number of acres required to provide a total acreage for allotment under this section to such counties of not less than 60 per centum of the sum of (1) the acreage planted to cotton in such counties in 1937 plus (2) the acreage therein diverted from cotton production in 1937 under the agricultural adjustment and conservation program. The acreage so diverted shall be estimated in case data are not available at the time of making such allotment.

(2) The Secretary shall allot to each State to which an allotment is made under subsection (b), and in which at least three thousand five hundred bales were produced in any of the five years immediately preceding the year for which the allotment is made, a number of acres sufficient to provide a total State acreage allotment for such State of not less than five thousand acres.

(f) In apportioning the county allotment among the farms within the county, the Secretary, through the local committees, shall take into consideration different conditions within separate administrative areas within a county if any exist, including types, kinds, and productivity of the soil so as to prevent discrimination among the administrative areas of the county.

(g) For 1938, 1939, and each subsequent year, an acreage equal to 4 per centum of the State acreage allotment shall be apportioned by the Secretary to counties and farms in the State receiving allotments under this Part, in the following manner:

(1) An amount of the additional allotment provided for in this subsection sufficient to allot to each farm the acreage allotments provided for in subparagraphs (A) (B) of paragraph (1) of subsection (d) of this section shall be used for making such acreage allotments as therein provided.

(2) In counties in which the allotment is not sufficient to provide adequate and representative allotments to other farms in the county as a result of the allotments required by section 344 (d) (1) (A) and (B), an additional acreage shall be allotted to such farms to make the allotment to each of such farms as nearly equal to the allotment which would have been made

to such farms in the absence of the provisions of (A) and (B) of subsection 344 (d) (1) as the remainder of the 4 per centum will permit.

(3) After making the allotments provided for in paragraphs (1) and (2) of this subsection the remainder of the 4 per centum may be apportioned in amounts determined by the Secretary to be fair and reasonable to farms or counties receiving allotments which the Secretary determines are inadequate and not representative in view of past production of cotton on the farm or in the county.

(h) Notwithstanding any other provisions of this section, the cotton acreage allotment for any farm for each of the years 1938 and 1939, after making the allotments provided in subsection (g), shall be increased in such amount as may be necessary to provide an allotment of not less than 50 per centum of the sum of the acreage planted in cotton in 1937 and the acreage diverted from cotton production in 1937 under the agricultural conservation program, as determined for each farm in accordance with regulations prescribed by the Secretary and for the crop year 1938 any part of the acreage allotted to individual farms in the State which it is determined, in accordance with regulations prescribed by the Secretary, will not be planted to cotton in the year for which the allotment is made, shall be deducted from the allotments to such farms and may be apportioned, in amounts determined by the Secretary to be fair and reasonable, preference being given to farms in the same county receiving allotments which the Secretary determines are inadequate and not representative in view of the past production of cotton and the acreage diverted from the production of cotton on such farms under the agricultural conservation program in the immediately preceding year: *Provided*, That any such transfer of allotment for 1938 shall not affect apportionment for any subsequent year: *Provided*, That this subsection shall not operate to raise the cotton acreage of any farm above 40 per centum of the acreage on such farm which is tilled annually or in regular rotation, as determined under regulations prescribed by the Secretary.

(PUBLIC—No. 6—76TH CONGRESS)

(CHAPTER 9—1ST SESSION)

(S. 660)

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, to provide for the reapportionment of cotton acreage allotments not planted by farmers entitled thereto.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (h) of section 344 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the words "for the crop year 1938", and inserting in lieu thereof the words "for any crop year"; and by striking out the words "for 1938" where they appear in the first proviso of such subsection: *Provided*, That hereafter such allotment of acreage in counties shall be to such farms as the County Committee of such county may designate. In making such designation the County Committee shall consider only the character and adaptability of the soil and other physical facilities affecting the production of cotton and the need of operator for an additional allotment to meet the requirement of the families engaging in the production of cotton on the farm in such year.

Approved, March 13, 1939.

(1) The acreage required for apportionment under subsection (g) and (h) shall be in addition to the State acreage allotment, and the production of such acreage shall be in addition to the national allotment.

MARKETING QUOTAS

SEC. 345. Whenever the Secretary determines that the total supply of cotton for any marketing year exceeds by more than 7 per centum the normal supply thereof for such marketing year, the Secretary shall proclaim such fact not later than November 15 of such marketing year (or, in case of the marketing year 1937-1938, within ten days after the date of enactment of this Act), and marketing quotas shall be in effect during the next succeeding marketing

year with respect to the marketing of cotton. Cotton produced in the calendar year in which such marketing year begins shall be subject to the quotas in effect for such marketing year notwithstanding that it may be marketed prior to August 1.

AMOUNT OF FARM MARKETING QUOTAS

SEC. 346. (a) The farm marketing quota for cotton for any farm for any marketing year shall be a number of bales of cotton equal to the sum of—

(1) A number of bales equal to the normal production or the actual production, whichever is the greater, of the farm acreage allotment, and

(2) A number of bales equal to the amount, or part thereof, of cotton from any previous crop which the farmer has on hand, which, had such amount, or part thereof, been marketed during the preceding marketing year in addition to the cotton actually marketed during such preceding marketing year, could have been marketed without penalty.

(b) The penalties provided for in section 348 shall not apply to the marketing of cotton produced on any farm for which a farm acreage allotment has been made for the current crop if the production of the current crop does not exceed one thousand pounds of lint cotton.

REFERENDUM

SEC. 347. Not later than December 15 of any calendar year in which a proclamation of farm marketing quotas pursuant to the provisions of this Part has been made, the Secretary shall conduct a referendum, by secret ballot, of farmers who were engaged in production of the crop harvested prior to the holding of the referendum to determine whether they favor or oppose such quotas. If more than one-third of the farmers voting in the referendum oppose such quotas, the Secretary shall, prior to the end of such calendar year, proclaim the result of the referendum, and upon such proclamation the quotas shall become ineffective. If a proclamation under section 345 is made with respect to the 1938 crop, the referendum with respect to such crop shall be held not later than thirty days after the date of the enactment of this Act and the result thereof shall be proclaimed not later than forty-five days after such date.

PENALTIES

SEC. 348. Any farmer who, while farm marketing quotas are in effect, markets cotton in excess of the farm marketing quota for the marketing year for the farm on which such cotton was produced, shall be subject to the following penalties with respect to the excess so marketed: 2 cents per pound if marketed during the first marketing year when farm marketing quotas are in effect; and 3 cents per pound if marketed during any subsequent year, except that the penalty shall be 2 cents per pound if cotton of the crop subject to penalty in the first year is marketed subject to penalty in any subsequent year.

INELIGIBILITY FOR PAYMENTS

SEC. 349. (a) Any person who knowingly plants cotton on his farm in any year on acreage in excess of the farm acreage allotment for cotton for the farm for such year under section 344 shall not be eligible for any payment for such year under the Soil Conservation and Domestic Allotment Act, as amended.

(b) All persons applying for any payment of money under the Soil Conservation and Domestic Allotment Act, as amended, with respect to any farm located in a county in which cotton has been planted during the year for which such payment is offered, shall file with the application a statement that the applicant has not knowingly planted, during the current year, cotton on land on his farm in excess of the acreage allotted to the farm under section 344 for such year.

LONG STAPLE COTTON

SEC. 350. The provisions of this Part shall not apply to cotton the staple of which is $1\frac{1}{2}$ inches or more in length.

* * * * *

PUBLICATION AND NOTICE OF QUOTA

SEC. 362. All acreage allotments and the farm marketing quotas established for farms in a county or other local administrative area shall, in accordance with regulations of the Secretary, be made and kept freely available for public inspection in such county or other local administrative area. An additional copy of this information shall be kept available in the office of the county agricultural extension agent or with the chairman of the local committee. Notice of the farm marketing quota of his farm shall be mailed to the farmer.

REVIEW BY REVIEW COMMITTEE

SEC. 363. Any farmer who is dissatisfied with his farm marketing quota may, within fifteen days after mailing to him of notice as provided in section 362, have such quota reviewed by a local review committee composed of three farmers appointed by the Secretary. Such committee shall not include any member of the local committee which determined the farm acreage allotment, the normal yield, or the farm marketing quota for such farm. Unless application for review is made within such period, the original determination of the farm marketing quota shall be final.

REVIEW COMMITTEE

SEC. 364. The members of the review committee shall receive as compensation for their services the same per diem as that received by the members of the committee utilized for the purposes of the Soil Conservation and Domestic Allotment Act, as amended. The members of the review committee shall not be entitled to receive compensation for more than thirty days in any one year.

INSTITUTION OF PROCEEDINGS

SEC. 365. If the farmer is dissatisfied with the determination of the review committee, he may, within fifteen days after a notice of such determination is mailed to him by registered mail, file a bill in equity against the review committee as defendant in the United States district court, or institute proceedings for review in any court of record of the State having general jurisdiction, sitting in the county or the district in which his farm is located, for the purpose of obtaining a review of such determination. Bond shall be given in an amount and with surety satisfactory to the court to secure the United States for the costs of the proceeding. The bill of complaint in such proceeding may be served by delivering a copy thereof to any one of the members of the review committee. Thereupon the review committee shall certify and file in the court a transcript of the record upon which the determination complained of was made, together with its findings of fact.

COURT REVIEW

SEC. 366. The review by the court shall be limited to questions of law, and the findings of fact by the review committee, if supported by evidence, shall be conclusive. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the review committee, the court may direct such additional evidence to be taken before the review committee in such manner and upon such terms and conditions as to the court may seem proper. The review committee may modify its findings of fact or its determination by reason of the additional evidence so taken, and it shall file with the court such modified findings or determination, which findings of fact shall be conclusive. At the earliest convenient time, the court, in term time or vacation, shall hear and determine the case upon the original record of the hearing before the review committee, and upon such record as supplemented if supplemented, by further hearing before the review committee pursuant to direction of the court. The court shall affirm the review committee's determination, or modified determination, if the court determines that the same is in accordance with law. If the court determines that such determination or modified determination is not in accordance with law, the court shall remand the proceeding to the review committee with direction either to make such determination as the court shall determine to be in accordance with law or to take such further proceedings as, in the court's opinion, the law requires.

STAY OF PROCEEDINGS AND EXCLUSIVE JURISDICTION

SEC. 367. The commencement of judicial proceedings under this Part shall not, unless specifically ordered by the court, operate as a stay of the review committee's determination. Notwithstanding any other provision of law, the jurisdiction conferred by this Part to review the legal validity of a determination made by a review committee pursuant to this Part shall be exclusive. No court of the United States or of any State shall have jurisdiction to pass upon the legal validity of any such determination except in a proceeding under this Part.

NO EFFECT ON OTHER QUOTAS

SEC. 368. Notwithstanding any increase of any farm marketing quota for any farm as a result of review of the determination thereof under this Part, the marketing quotas for other farms shall not be affected.

GENERAL ADJUSTMENTS OF QUOTAS

SEC. 371. (a) If at any time the Secretary has reason to believe that in the case of corn, wheat, cotton, rice, or tobacco the operation of farm marketing quotas in effect will cause the amount of such commodity which is free of marketing restrictions to be less than the normal supply for the marketing year for the commodity then current, he shall cause an immediate investigation to be made with respect thereto. In the course of such investigation due notice and opportunity for hearing shall be given to interested persons. If upon the basis of such investigation the Secretary finds the existence of such fact, he shall proclaim the same forthwith. He shall also in such proclamation specify such increase in, or termination of, existing quotas as he finds, on the basis of such investigation, is necessary to make the amount of such commodity which is free of marketing restrictions equal the normal supply.

(b) If the Secretary has reason to believe that, because of a national emergency or because of a material increase in export demand, any national marketing quota for corn, wheat, cotton, rice, or tobacco should be increased or terminated, he shall cause an immediate investigation to be made to determine whether the increase or termination is necessary in order to effectuate the declared policy of this Act or to meet such emergency or increase in export demand. If, on the basis of such investigation, the Secretary finds that such increase or termination is necessary, he shall immediately proclaim such finding (and if he finds an increase is necessary, the amount of the increase found by him to be necessary) and thereupon such quota shall be increased, or shall terminate, as the case may be.

(c) In case any national marketing quota for any commodity is increased under this section, each farm marketing quota for the commodity shall be increased in the same ratio.

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PAYMENT AND COLLECTION OF PENALTIES

SEC. 372. (a) The penalty with respect to the marketing, by sale, of wheat, cotton, or rice, if the sale is to any person within the United States, shall be collected by the buyer.

(b) All penalties provided for in Subtitle B shall be collected and paid in such manner, at such times, and under such conditions as the Secretary may by regulations prescribe. Such penalties shall be remitted to the Secretary by the person liable for the penalty, except that if any other person is liable for the collection of the penalty, such other person shall remit the penalty. The amount of such penalties shall be covered into the general fund of the Treasury of the United States.

(c) Whenever, pursuant to a claim filed with the Secretary within one year after payment to him of any penalty collected from any person pursuant to this Act, the Secretary finds that such penalty was erroneously, illegally, or wrongfully collected, the Secretary shall certify to the Secretary of the Treasury for payment to the claimant, in accordance with regulations prescribed by the Secretary of the Treasury, such amount as the Secretary finds the claimant is entitled to receive as a refund of such penalty.

The Secretary is authorized to prescribe regulations governing the filing of such claims and the determination of such refunds.

(d) No penalty shall be collected under this Act with respect to the marketing of any agricultural commodity grown for experimental purposes only by any publicly owned agricultural experiment station.

REPORTS AND RECORDS

SEC. 373. (a) This subsection shall apply to warehousemen, processors, and common carriers of corn, wheat, cotton, rice, or tobacco, and all ginners of cotton, all persons engaged in the business of purchasing corn, wheat, cotton, rice, or tobacco from producers, and all persons engaged in the business of redrying, prizing, or stemming tobacco for producers. Any such person shall, from time to time on request of the Secretary, report to the Secretary such information and keep such records as the Secretary finds to be necessary to enable him to carry out the provisions of this title. Such information shall be reported and such records shall be kept in accordance with forms which the Secretary shall prescribe. For the purpose of ascertaining the correctness of any report made or record kept, or of obtaining the information required to be furnished in any report, but not so furnished, the Secretary is hereby authorized to examine such books, papers, records, accounts, correspondence, contracts, documents, and memoranda as he has reason to believe are relevant and are within the control of such person. Any such person failing to make any report or keep any record as required by this subsection or making any false report or record shall be deemed guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not more than \$500.

(b) Farmers engaged in the production of corn, wheat, cotton, rice, or tobacco for market shall furnish such proof of their acreage, yield, storage, and marketing of the commodity in the form of records, marketing cards, reports, storage under seal, or otherwise as the Secretary may prescribe as necessary for the administration of this title.

(c) All data reported to or acquired by the Secretary pursuant to this section shall be kept confidential by all officers and employees of the Department, and only such data so reported or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing under this title.

MEASUREMENT OF FARMS AND REPORT OF PLANTINGS

SEC. 374. The Secretary shall provide, through the county and local committees, for measuring farms on which corn, wheat, cotton, or rice is produced and for ascertaining whether the acreage planted for any year to any such commodity is in excess of the farm acreage allotment for such commodity for the farm under this title. If in the case of any farm the acreage planted to any such commodity on the farm is in excess of the farm acreage allotment for such commodity for the farm, the committee shall file with the State committee a written report stating the total acreage on the farm in cultivation and the acreage planted to such commodity.

REGULATIONS

SEC. 375. (a) The Secretary shall provide by regulations for the identification, wherever necessary, of corn, wheat, cotton, rice, or tobacco so as to afford aid in discovering and identifying such amounts of the commodities as are subject to and such amounts thereof as are not subject to marketing restrictions in effect under this title.

(b) The Secretary shall prescribe such regulations as are necessary for the enforcement of this title.

COURT JURISDICTION

SEC. 376. The several district courts of the United States are hereby vested with jurisdiction specifically to enforce the provisions of this title. If and when the Secretary shall so request, it shall be the duty of the several district attorneys in their respective districts, under the direction of the Attorney General, to institute proceedings to collect the penalties provided in this title. The remedies and penalties provided for herein shall be in addition to, and not exclusive of, any of the remedies or penalties under existing law.

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UTILIZATION OF LOCAL AGENCIES

SEC. 388. (a) The provisions of section 8 (b) and section 11 of the Soil Conservation and Domestic Allotment Act, as amended, relating to the utilization of State, county, local committees, the extension service, and other approved agencies, and to recognition and encouragement of cooperative associations, shall apply in the administration of this Act; and the Secretary shall, for such purposes, utilize the same local, county, and State committees as are utilized under sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended. The local administrative areas designated under section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, for the administration of programs under that Act, and the local administrative areas designated for the administration of this Act shall be the same.

(b) The Secretary is authorized and directed, from any funds made available for the purposes of the Acts in connection with which county committees are utilized, to make payments to county committees of farmers to cover the estimated administrative expenses incurred or to be incurred by them in cooperating in carrying out the provisions of such Acts. All or part of such estimated administrative expenses of any such committee may be deducted pro rata from the Soil Conservation Act payments, parity payments, or loans, or other payments under such Acts, made unless payment of such expenses is otherwise provided by law. The Secretary may make such payments to such committees in advance of determination of performance by farmers.



